Annual Report 2015

achmea

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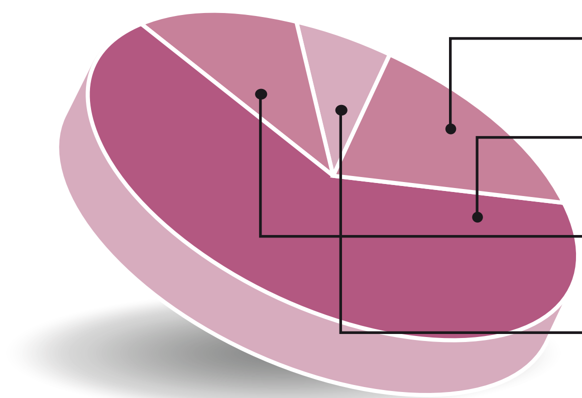
Achmea at a glance

Who are we

Core activities are Non-Life, Health, Pension & Life and Asset Management

Non-Life	Health	Pension & Life	Asset Management
(gross premium in the Netherlands)	(gross premium in the Netherlands)	(gross premium in the Netherlands)	(Assets Under Management)
3.1 billion	13.5 billion	2.2 billion	102 billion
NO. 1	NO. 1	Pension NO. 5 Life NO. 3	NO. 5

Home market in the Netherlands with activities in five other countries



16% Non-Life Netherlands

68% Health Netherlands

10% Pension & Life Netherlands

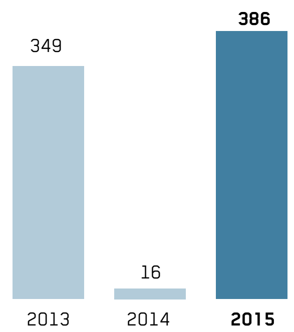
6% International

Distribution of Gross Written Premiums in 2015

Customer satisfaction consumer market (average score)	Customer satisfaction Non-Life (average score)	Customer satisfaction Health (average score)	Customer satisfaction Life (average score)
7.7	7.7	7.9	7.4

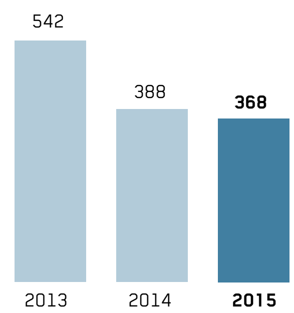
Net profit

(€ MILLION)



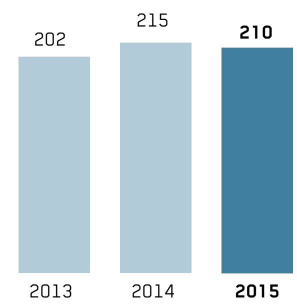
Operational results*

(€ MILLION)



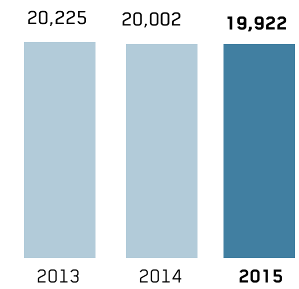
Solvency (IGD)**

(%)



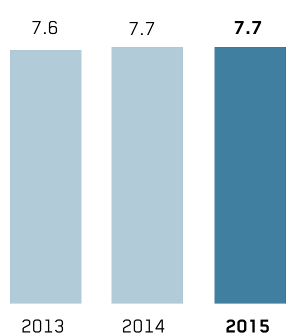
Gross written premiums

(€ MILLION)



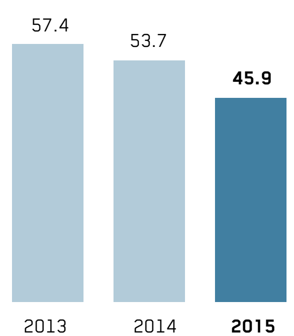
Customer satisfaction***

(average score consumer market)



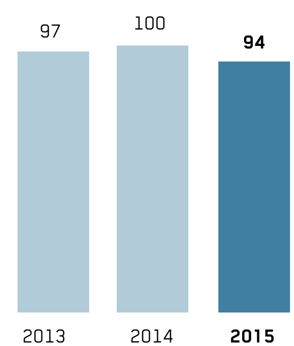
Gross carbon emissions***

(in kilotons of carbon)

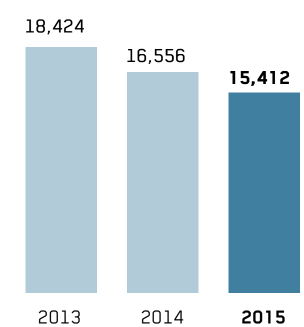


Sustainable Investments

(% of analysed own risk investments)



Number of FTEs



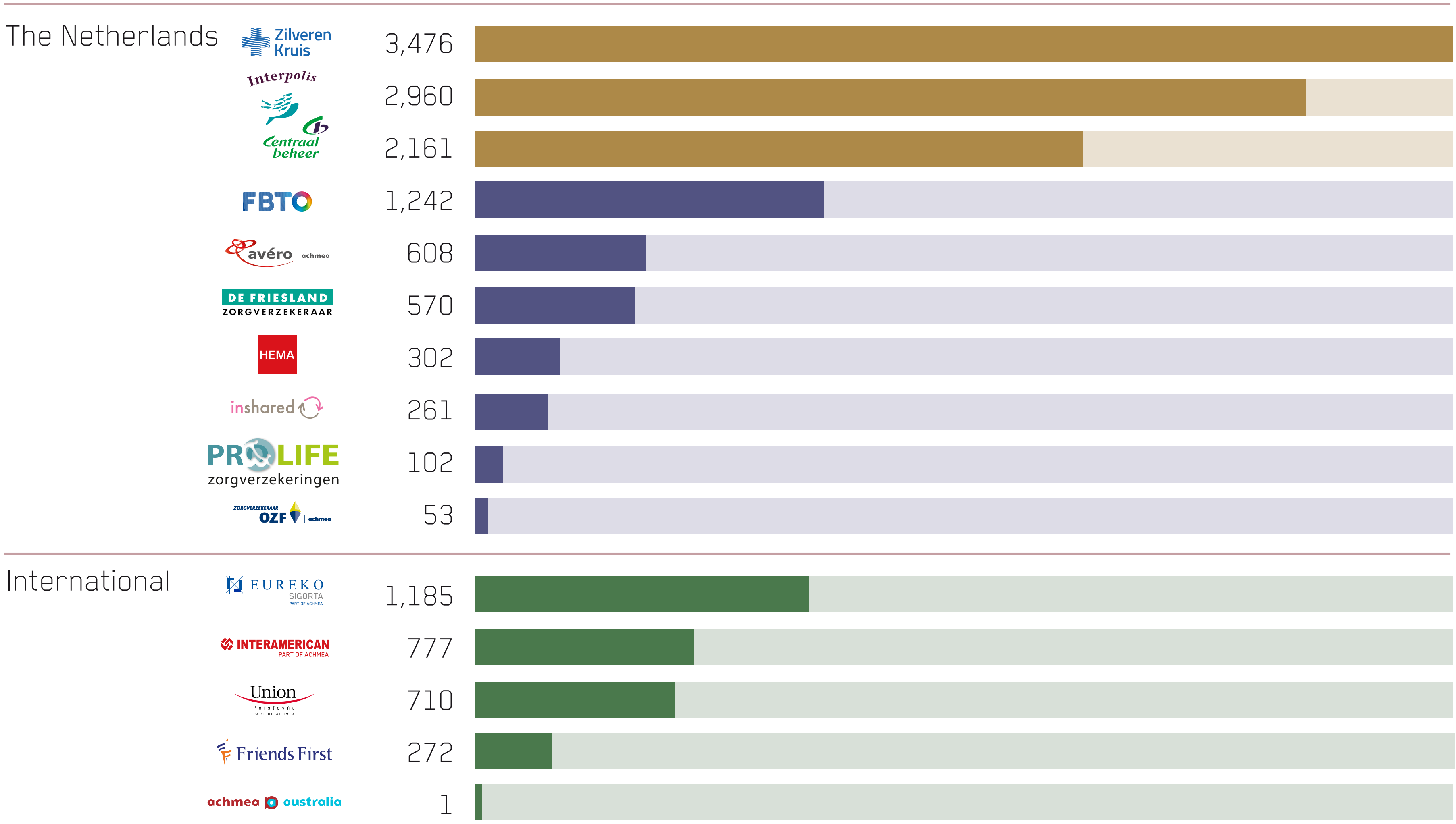
The above historical information for 2013 has not been adjusted for subsequent changes in accounting principles.

* *As of 2015, Achmea uses the operational result as a criterion for the profit or loss of a segment, rather than the profit before tax. The operational result is calculated by correcting the profit before tax for certain items. These are items within income and expenses which are significant and which arise from events or transactions which are clearly distinct from the normal business activities, and are therefore not expected to occur regularly. Examples include reorganisation expenses, impairment losses from goodwill and pre-tax results from disinvestments, related to divestment of operations. Comparative figures have been included accordingly.*

** *IGD Solvency I ratio*

*** *This information relates to Achmea's Dutch operations, excluding the third-party companies listed in appendix A.*

Number of private customers per brand x 1,000



The customer data are collected and calculated in a more detailed manner compared to 2014. As a result the numbers of customers per brand is not easily comparable with the numbers as presented in the Annual Report of 2014. Customers can be customers of more brands. We assume that, based on market share, 28% of the Non-Life customers also has a health insurance policy of an Achmea label. Consequently, we estimate that Achmea in total in the Netherlands insures about ten million private customers.

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Highlights of 2015

More than 150 initiatives to meet with our customers' changing needs

More than 150 initiatives have been launched company-wide in order to innovate our services. For example, through its app Centraal Beheer provides customers up-to-date and increasingly comprehensive insight into their insurance policies and other financial services.

At FBTO, customer service is easy to reach through WhatsApp since the end of 2015, where questions can instantly be answered. FBTO expects a sharp increase in customer interaction in the coming years through social media channels. The number of WhatsApp conversations is already growing each week.

Together with our partner Rabobank, Interpolis actively helps businesses to guard themselves better against the risks of cybercrime. The Interpolis Rechtshulp (Legal Assistance) app contains a great deal of information for customers involved in legal disputes. The app provides an action plan, sample letters and other documents allowing customers to start right away. For further questions, customers can use WhatsApp to quickly and easily ask questions to a legal professional from the Stichting Achmea Rechtsbijstand legal team.

The Zilveren Kruis online community was established more than a year ago, and since then a total of more than 500,000 people have joined to exchange tips and advice on living a healthier lifestyle.

Also internationally we have commenced many innovatives. The start of the fully online insurer Onlia meant a breakthrough in the Slovakian car insurance market. In addition, in Greece, InterAmerican realised growth with the direct brand Anytime and developed an insurance policy under the name of 'By-the-mile'. An affordable and social solution allowing Greek cardrivers to insure their cars, through a telematics-box, per car-kilometer driven.

Establishment of Centraal Beheer General Pension Fund (APF)

Employers and pension funds are seeking new, modern and digital pension solutions. Achmea meets this need through its new Centraal Beheer General Pension Fund. Employers, pension funds and their participants can benefit from economies of scale and cost benefits within an APF. The establishment of the General Pension Fund is consistent with Achmea’s strategy for retirement provision. The licensing process is currently ongoing.

Consumer Association Survey: FBTO and Interpolis among the top 3 best home insurance products

In summer 2015, FBTO ranked second in a test about home insurance, conducted by the Dutch Consumer Association (Consumentenbond). The test focused on home insurance and property insurance. FBTO achieved a score of 9.6 for payment in the event of emergencies. Scores in this category ranged from 4.7 to 9.6. Interpolis ranked third. The Consumer Association compared no less than 37 insurers in total for this survey.

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Centraal Beheer is the "Best Business Insurance Provider" according to InCompany survey

Dutch business magazine Intercompany voted Centraal Beheer “Best Business Insurance Company” for the second time in a row. The score we received is an 11-year overall record in the insurance industry. Never before an insurer received such a high score (7.40). In this 12th customer satisfaction survey, conducted by research company MWM2, Centraal Beheer ranks first in the Insurance category. MWM2 conducted the survey among 3,271 business decision makers representing small and medium-sized enterprises.

Launch of Achmea Investment Management

As of 1 January 2016, Achmea Investment Management is the new name of the merged operations of Syntrus Achmea Vermogensbeheer and Achmea Beleggingsfondsen Beheer. The new asset manager has more than €100 billion in assets under management for pension funds, Achmea, Centraal Beheer APF and private investors through the Centraal Beheer investment funds. Achmea Investment Management employs more than 200 people and is one of the five largest institutional asset managers in the Netherlands.

Approval granted for Partially Internal Model for Non-Life Insurance

At the end of 2015, Achmea received approval from the Dutch Central Bank (DNB) and the Bank of Greece to use its ‘partial internal model for prudential purposes’. The Dutch non-life insurers and reinsurance company and Achmea’s Greek subsidiary InterAmerican Property & Casualty Insurance Company SA utilise this model to calculate the non-life and income protection (Health SLT) insurance risk. The model provides Achmea with improved insight into the risks it faces. This allows for better steering and better protection of our customers’ interests.

Achmea's Customer Centricity score increased to market average

In 2015, Achmea’s score on the AFM’s Customer Centricity Dashboard further increased. Achmea was awarded a score of 3.4 (on a scale of 5), which is average for the market. Achmea is therefore on the right track, but there is still room for improvement. Achmea will pay much attention to this in 2016. As a cooperative insurance company, Achmea owes this both to its customers and to itself.

International strategy refined for further growth

Achmea refined its international strategy in 2015. Key priorities include innovation and sharing (digital) knowledge between countries and brands. Achmea strategically opts for growth in markets where it has identified opportunities. Investment in “game changers” can accelerate growth in premiums. This allows customers outside the Netherlands to benefit from Achmea’s best solutions and experience. Achmea aims to further strengthen cooperation with its distribution partners such as banks and retailers.

Meet our stakeholders

"If I have to choose in my capacity as customer, I take cost into account and what I get in return, but also what society receives in return."

Jeroen Swaan is a member of Central Beheer's customer council

"If you really think from the perspective of value, you add something."

Florian Faas is Vice Chairman of Achmea's Central Works Council

Jeroen Swaan is a member of Central Beheer's Customer Council. He is HR advisor at Synbra Holding, specialist in expanded polystyrene (Airpop©) and special foam materials for application in industrial products and solutions and sustainable insulation systems. Synbra is an Achmea client for pension and insurance products.

"I believe that Achmea can fulfil a significant role in encouraging the debate on social issues, for instance the ageing population and pensions. How do young people regard life, work, living, security and pensions? This also helps to steer how you respond to these trends through your products.

Achmea plays an important supporting role in realising sustainable employability. Asking customers the right questions, that is what adds value. A solid relationship with customers based on trust is essential. I can see that Achmea does this well, but it is also important to do so more visibly and to advertise this more.

If I have to choose in my capacity as customer, I take cost into account and what I get in return, but also what society receives in return. If companies value sustainability highly, they also need to be prepared to invest in it. This is an important consideration for a growing number of customers."

Florian has worked at Achmea for nearly ten years. He is a pensions project manager and Vice Chairman of the Central Works Council. Florian sees multiple opportunities for Achmea to create value for its customers and for society. Technological developments and deploying Achmea's knowledge of risk provide opportunities in this respect:

"If you really think from the perspective of value, you add something. If you are completely transparent about the use of big data to eliminate risk, then there is no privacy issue. Everyone is happy to make their data available for that objective. This is something you can use to create value, but also to build a good reputation among your customers. Technology always provides opportunities if you are good at it. Achmea is currently fully engaged in this effort.

It is also important to add societal value. People are seeking meaningfulness, and Achmea can play a part in this. For instance by supporting social cohesion in the Netherlands. Promoting and facilitating the sharing economy is a great example, I think. We can really play a role in this."

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"There are many challenges that bring opportunities for Achmea."

Roger van der Linden is Vice Chairman of Adfiz

Roger van der Linden is Vice Chairman of Adfiz, the sector organisation for independent financial advisors. He is managing director/owner of a financial advisory firm. He believes that Achmea responds nicely to the developments and trends we are witnessing in the Netherlands. Insurance policies for volunteers are a concrete example of this.

"There are many challenges that bring opportunities for Achmea. Climate change is one, but also the ageing population and the corresponding rising costs.

Another trend is an increasingly individualising society. Insurers seem to be responding to this by insuring risks more individually. Yet isn't insurance really about bearing risk together? Achmea ought to examine this closely together with its partners.

An insurance solution is not always required. Achmea can have a broader perspective. An example might be encouraging a discussion on advice and risk by engaging in a dialogue. I challenge Achmea to also involve partners and other stakeholders in this. Together we can increase the overall size of the cake by responding prudently to societal trends."

"Achmea is there to solve problems for its customers, but also particularly to prevent them."

Paul Overmars is Chairman of Vereniging Achmea

Paul Overmars is Chairman of Vereniging Achmea, the largest shareholder in Achmea. Vereniging Achmea basically represents and safeguards the company's cooperative background. The collective representation of customer interests and picking up signals from society are a key part of this. Paul believes that Achmea's cooperative background gives it an important role to play in prevention:

"Achmea is there to solve problems for its customers, but also particularly to prevent them. This means devoting much attention to prevention and being pro-active with respect to new societal trends that affect customers and in turn also Achmea.

Thanks to our size and history, we have a huge amount of expertise compared to other insurers. We need to combine and utilise this even better than we already do. We are both the generalist and the specialist, and we need to put that to use in order to provide our customers confidence and assurance. Customers need to be best off with us."

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About this report

Achmea's Annual Report is an important resource to strengthen relationships with our stakeholders: our customers, employees, (business) partners and shareholders. In this Annual Report we provide a complete overview of our organisation and the consistency of our strategy, governance and the social and economic world in which we operate. The report's structure is based on the six dimensions of our strategy map. It provides insights into our company's performance from a variety of perspectives: the customer, within a societal context, from the perspective of our employees, (business) partners, our processes and our financial performance.

This integrated report is a combination of an Annual Report and Financial Statements. The report can also be downloaded from our website (www.achmea.nl) from 4 april 2016. In the event of any differences between the English and Dutch versions, the English version will prevail.

PREPARATION OF THIS ANNUAL REPORT

The Executive Board of Achmea B.V. is responsible for preparing the Annual Report, including the Financial Statements. The Annual Report is prepared by a Steering Committee and submitted for approval to the Executive Board. This Steering Committee is chaired by the CFO and also includes the directors of Reporting, Communications, Finance, Strategy, Corporate Social Responsibility, Legal Services and Risk Management. The Steering Committee is supported by a working group which is responsible for monitoring the progress and quality of the process.

The Audit & Risk Committee of the Supervisory Board makes a recommendation to the Supervisory Board regarding the advice to be provided to the shareholders about the adoption of the Annual Report, including the Financial Statements.

REPORTING FRAMEWORK

Our Annual Report is prepared in accordance with local legal requirements and international accounting principles. The reporting framework and indicators are in accordance with the IIRC framework and the G4 guidelines of the Global Reporting Initiative (GRI) and with the GRI G4 Core option. This Annual Report was also prepared in accordance with Section 391 of Part 9, Book 2 of the Dutch Civil Code and the Dutch Association of Insurers' Governance Principles for Insurers (Code Verzekeraars van het Verbond van Verzekeraars).

CONSOLIDATION

The financial information and employee information contained in this Annual Report has been consolidated for Achmea B.V. and all its group companies. Achmea operates primarily in the Netherlands (which accounts for approximately 94% of its total revenue, while 84% of its total workforce are employed there), as well as in five other countries. Due to this strong Dutch focus, several sections of this report only cover Achmea's Dutch operation. Part of the data about the social and environmental aspects of the companies listed in Appendix A (hereafter: third-party companies) and foreign operating companies are not included in this report.

As for Achmea's value chain, the report contains information on the following activities: responsible investing (on page 63 and in Appendix F) and responsible purchasing. Appendix E contains a report on corporate purchasing and the procurement of day-to-day property management services (e.g. maintenance companies and cleaning services providers) by Syntrus Achmea. The report also contains limited information about the procurement of damage repair and health services.

Achmea's Annual Report is an important resource to strengthen relationships with our stakeholders

INTERACTION WITH STAKEHOLDERS

Achmea aims to build and maintain close relationships with all its stakeholders. Based on our four-stakeholder model, Achmea routinely consults with its customers, employees, (business) partners and shareholders. We closely monitor social trends and changes in society, specifically those that can potentially entail long-term change. Via advice and insurance councils, Achmea regularly consults with customers through the members of Vereniging Achmea (Achmea Association). Via advice and insurance counsel of several divisions Achmea consults with key clients and (business) partners twice a year. The dialogue with our employees is held through the various Works Councils, in regular meetings with unions, through the intranet and in personnel sessions. In addition, there are also regular meetings with insurance agents and insurance brokers, social partners, supervisors and the government.

Social trends and stakeholder communications serve as the basis for identifying the main themes on which Achmea reports. In 2015 we launched an in-depth process in which we consulted internal and external stakeholders with the request to identify the issues they feel are of particular relevance to Achmea. For further information, please see Appendix B to this annual report. The twenty topics which are most relevant and important to our stakeholders (based on stakeholder input) are listed in our materiality matrix. Topics are earmarked as material if they are relevant to our stakeholders and could potentially have significant consequences for Achmea. The greater the impact of the issue on both society and Achmea's operations, results and strategy, the greater the materiality of the topic. In order to remain relevant as a company and to be able to execute our strategy, we will ensure that these topics are expressed in our operations and steering. Our materiality matrix is included in the Strategy chapter on page 20 of this Annual Report.

The structure of the Achmea Annual Report is consistent with the strategic perspectives. This structure fits with our key objectives, management and performance. The twenty most relevant stakeholders topics are addressed in the chapters about the six strategic perspectives. There have been no significant changes compared to the previous reporting period in terms of our corporate social responsibility (CSR) policy and objectives. For further information, see Appendix H to the GRI index.

AUDITOR'S SCOPE AND LEVEL OF ASSURANCE

PwC, our external auditor, has audited the (consolidated) Financial Statements for the year 2015 as set out on pages 99 to 252. They issued an unqualified independent auditor's opinion on the consolidated financial statements in their report dated 4 april 2016 (pages 258 to 268).

Next to the Financial Statements, PwC has reviewed and partly audited other parts of this annual report with a view to reporting on its reliability and appropriateness. PwC's task is to issue an assurance report containing 'reasonable assurance' as to whether the financial and employee information (in chapter Our employees and chapter Our financial results) are, in all material aspects, presented reliably and adequately, in accordance with Achmea's reporting criteria as described under the reporting framework on pages 111 to 113. PwC was also asked to issue an assurance report containing a 'limited assurance' with respect to the reliability and appropriateness of the remaining financial and non-financial information in this annual report. Reasonable assurance is obtained through audit procedures, which are substantiated by sufficient and appropriate supporting audit evidence. Limited assurance is obtained through review procedures, which do not require exhaustive gathering of evidence, therefore providing less assurance than audit procedures.

PwC has not audited the assumptions and feasibility of prospective information such as targets, expectations and ambitions, included in the report. The statements included in our annual report relating to the new business (on page 58) of this report and solvency in accordance with Solvency II based on the 31 December 2015 figures (page 68) are based on actuarial models. PwC did not include these actuarial models in its procedures on the annual report. The statement of changes in liquidity position at holding company level on page 69 is not in scope of the assurance report. The content of websites referred to in this report and the report by the Supervisory Board, biographies and appendix A are not in the scope of the assurance report. PwC's assurance report can be found on pages 269 to 271.

FUTURE TRENDS AND DEVELOPMENTS

Integrated reporting will continue to evolve, and we expect to implement further improvements in the future in terms of the method and quality of our reporting, including working towards an increase of the data subject to reasonable assurance. We would appreciate hearing your feedback on ways in which we might be able to improve our approach. You will find our contact information on the last page of this Annual Report.

A word from our Executive Chairman

Persistently solid in a dynamic environment

The world is changing rapidly. The welfare state is shrinking, the labour market is evolving at a significant pace, and people are expected to assume more personal responsibility. New technologies contribute to swift changes in existing business models and working relationships. Compared to previous years, the Dutch economic prospects are good right now. We note the increase in both (corporate) investements as well as private consumption and an increase in employment. In addition there is recovery in the residential property market which leads to more economic activity and consumption. Major uncertainties remain, however unlike in previous years we see these risks now predominantly outside of the Netherlands. The increased geopolitical instability will cause recovery to be weak. In this respect, uncertainties around the strength of the Chinese and US economies are having a major impact on the global economy and the stock exchanges. With this the risk remains that factors from foreign countries can affect an open economy such as the Dutch economy.

Cooperative origins as our compass

In this changing environment, corporate socially responsibility is becoming increasingly important for companies. As a cooperative, we place high demands on our own actions, next to complying with existing laws and regulations and the role of the supervisors. In this context, solidarity as the foundation for insurances is becoming less obvious. Our customers still have the need to share risks, but more often selectively - in small, trusted circles. As a cooperative insurer, we have been organising solidarity between our insureds since 1811, the year that Achmea was founded. For more than 200 years, we have been a solid partner for our insureds, in a sometimes uncertain financial environment. In this way, we make an important contribution to the stability in society, which is under considerable pressure every now and then. We embrace new initiatives, but we also draw attention for groups who are vulnerable to social exclusion.

Responding to opportunities

We respond flexibly to the new questions facing us. In our talks with stakeholders we are reinventing ourselves as a company each time. We do so in order to add value for our customers, employees, (business) partners and shareholders. By being entrepreneurial and innovative, we continue to work on solutions to social issues that are consistent with our core competencies and activities. For example, Achmea has committed itself to the targets of the Climate Agreement signed in Paris. This fits our role as a cooperative insurer. We focus both on the long term and on sustainability.

"As a cooperative, we have been organising solidarity between our insureds since 1811, the year that Achmea was founded."

W.A.J. van Duin
Chairman of the Executive Board

In a recent stakeholder survey, we asked which societal trends our stakeholders feel are important for Achmea's services. Based on the input received, a Materiality Matrix has been drawn up to reflect the twenty topics our stakeholders deemed most important. Creating value for our customers is the top priority for our stakeholders. They view this value first of all in terms of healthcare and retirement provisions, plus the combination of living and healthcare. Subsequently, responsible investment, new forms of solidarity and circular economy were deemed important by our external stakeholders. We regard this stakeholder input as opportunities to develop new products and services in order to remain relevant as a company for our customers in the future.

Risks and opportunities

Next to risks, we therefore also see opportunities in the markets in which we operate. Opportunities to add value, both for our customers and for society at large. As the largest insurer of the Netherlands, we deliver value for our customers on a daily basis. With our core activities Non-Life and Health insurances, we are market leader in the Netherlands. In Income and Life insurances we hold a top 3 position. In this way, we are helping about ten million private customers each day. Our brands are highly valued by our customers. Achmea is the cooperative holding company with strong insurance brands, including Centraal Beheer, Zilveren Kruis and Interpolis. Additionally, also the FBTO, InShared, Avéro Achmea, De Friesland, Pro Life and OZF brands are close to their customers.

Charting a clear course

In 2013, we announced the kick-off of the Acceleration & Innovation programme (Versnellen & Vernieuwen). On the one hand, we are renewing our services to customers, and on the other we are standardising and automating our processes and systems. From our position of strength, we are accelerating and responding to the rapidly changing needs of our customers. Our about ten million private customers are doing more business online and wish to manage their insurance business online as well. We therefore accelerate the adjustments in our organisation and invest in customer centricity and online customer services. We are also creating space to be able to invest in our customer centricity and to preserve our long-term health. Particularly in the healthcare market we see increased pressure from both politics and society to achieve sustainable returns. Throughout the years we have paid out 95% of the received premium income to reimburse healthcare cost for our customers. Approximately 3% goes to expenses for our services to customers, IT and buildings, with approximately 2% being added to our reserves. In 2015, we allocated €481 million out of our earnings to limit the premium increase for our customers in 2016. This allocation took place despite the increasing rise of healthcare cost and the transfer of the Exceptional Medical Expenses Act (AWBZ) to the basic health insurance. Earlier on, €335 million was allocated out of our 2014 earnings. In this way, our insureds share in the positive results that we booked, but this allocation out of earnings affects our reserves that are required to be able to reimburse rising health care expenditures in the long term. By maintaining adequate reserves, we can absorb uncertainties and decrease the probability of strong rises in premiums in the future. Related to our Acceleration & Innovation programme, we are implementing decisive measures in numerous sections, which make strong demands on the organisation. A clear management agenda provides focus using perspectives: customer-driven, responsible returns, competitive costs, and employees in change.

Client-driven

In 2015, much has been achieved at Achmea to become a more client-driven organisation. Many initiatives have been noticed, others are less visible but are improving our services. Customers decide themselves how they would like to manage their insurance business: online on their smartphone or tablet, through face-to-face contact with our employees, or by telephone. We respond to their needs. More than 150 initiatives demonstrate the renewed appeal of our brands and our company. Centraal Beheer actively supports several initiatives related to the sharing economy, such as offering standard cover to people who rent out their accommodation through Airbnb. Interpolis has extended its long-term focus on prevention to the issue of cybercrime, particularly for small and medium-sized enterprises. Here, customers, healthcare workers and experts all help each other. FBTO customers are very satisfied with communication through WhatsApp. Through all these initiatives, we are responding with increasing effectiveness to the changing needs of our customers.

Customers value our initiatives

Customers value our insurances, according to a 2015 survey on housing insurances conducted by the Dutch Consumers' Association (Consumentenbond). FBTO and Interpolis ranked among the top three of the best household contents and property insurers. Achmea's Customer Centricity score (awarded by the Netherlands Authority for the Financial Markets, AFM) increased from 3.3 in 2014 to 3.4 in 2015 (on a scale from 1 to 5). That puts us at the mean for the financial sector, but as a cooperative insurer we keep raising the bar.

We have embedded the voice of our customers and other stakeholders even deeper in 2015. Every brand has its Customer Council whose members discuss products and services with the management board. From these Customer Councils, members are represented in the Vereniging Achmea Members Council. This ensures that customers have an impact at all levels of our organisation: in their day-to-day contact with us, in the Customer Councils for the various brands, and in the Vereniging Achmea Members Council, our main shareholder. This makes us unique; unique in the way that customers have influence over their insurer.

Responsible investment

Some of the main recent strategic initiatives that contribute to a responsible investment are the intended start of the Centraal Beheer General Pension Fund (APF) and the formation of the Overall Retirement Proposition (ODV) division. We strongly position ourselves in this market, because we believe our customers will continue to need to build up future income. After having received authorisation, we exect to be able to provide more customer-centric, innovative second-pillar pension solutions for collective contracts. In line with this, also the asset management activities within our Group have been bundeld into Achmea Investment Management. Having more than €100 billion in assets under management, this new institutional asset manager is the fifth largest in the Netherlands. The commercial cooperation with Rabobank, our strategic partner, is as important as ever and has been further reinforced in 2015. Interpolis and Rabobank work closely together on an improvement of the (online) selfservice posibilities for private and corporate customers.

Also outside of the Netherlands, we continued to serve our customers in the best way possible as well. By pursuing a targeted strategy we have made good international progress. In Greece, Turkey, Slovakia as well as Ireland, profitability increased thereby positively contributing to our operating results over 2015. In Turkey, Eureko Sigorta, together with strategic partner Garanti Bank, achieved good commercial results. In Slovakia, the number of online customers strongly increased, partly by Onlia, its innovative online car insurance. In a shrinking Greek insurance market, InterAmerican succeeded in increasing its market share, especially as a result of growth of its direct online brand Anytime.

Competitive costs

By the end of 2016, we aim to have reduced our operating expenses by €450 million. Since the kick-off of our Acceleration & Innovation programme in December 2013, our expenses have fallen by more than €300 million. The number of workforce within our Group will have decreased with 4,000 by the end of 2016, through new ways of working. Helped by a sound social plan, among others, we try to support employees as much as possible in taking a next step. The number of full-time job positions declined by about 2,400 at the end of 2015.

Financial results marked by Acceleration & Innovation

Next to innovation, the continued focus on cost and returns remains of great importance in the near future to be able to keep offering our insurances to our customers at a reasonable price. In this context, Acceleration & Innovation is also vital to our financial health. Our net profit increased to €386 million in 2015 and our turnover remained stable at around €20 billion. We leveraged our market leadership in Non-Life and Health insurances to be able to deliver the best products for our customers. Our operating result was affected by the allocation of €481 million to limit the premium increase of our health insurances. Major storms across the Netherlands caused substantial damage. The compensation we paid for this damage has reduced our result by approximately €70 million.

Our solvency remains high at 210% under Solvency I. This means that we are able to fulfill our agreements with our customers, also in the future. Our long standing A+ credit rating by Standard & Poor's for our insurance entities proves that we are on a stable course, both financially and operationally.

Our people put our customers first

The efforts of our people are indispensable when it comes to supporting our clients in the best way possible, and to accelerate and innovate. Achmea aims to become the digital insurer and it is our people who make a difference in this. Getting there requires people with the right digital skills. As an employer we encourage people to keep developing these skills. We provide opportunities for growth in order to particularly improve digital competencies. In addition, we focus on the competencies needed to work in a more digital, flexible environment. In this way, the Strategic HR Plan focuses on extending the employability and mobility of employees.

Our annual survey showed that the commitment of our employees is persistently high. Our employees show that they have confidence in the company's course ahead. In 2015, a large number of Achmea employees took the oath or affirmation. This supports the awareness of the importance of our daily work for our customers.

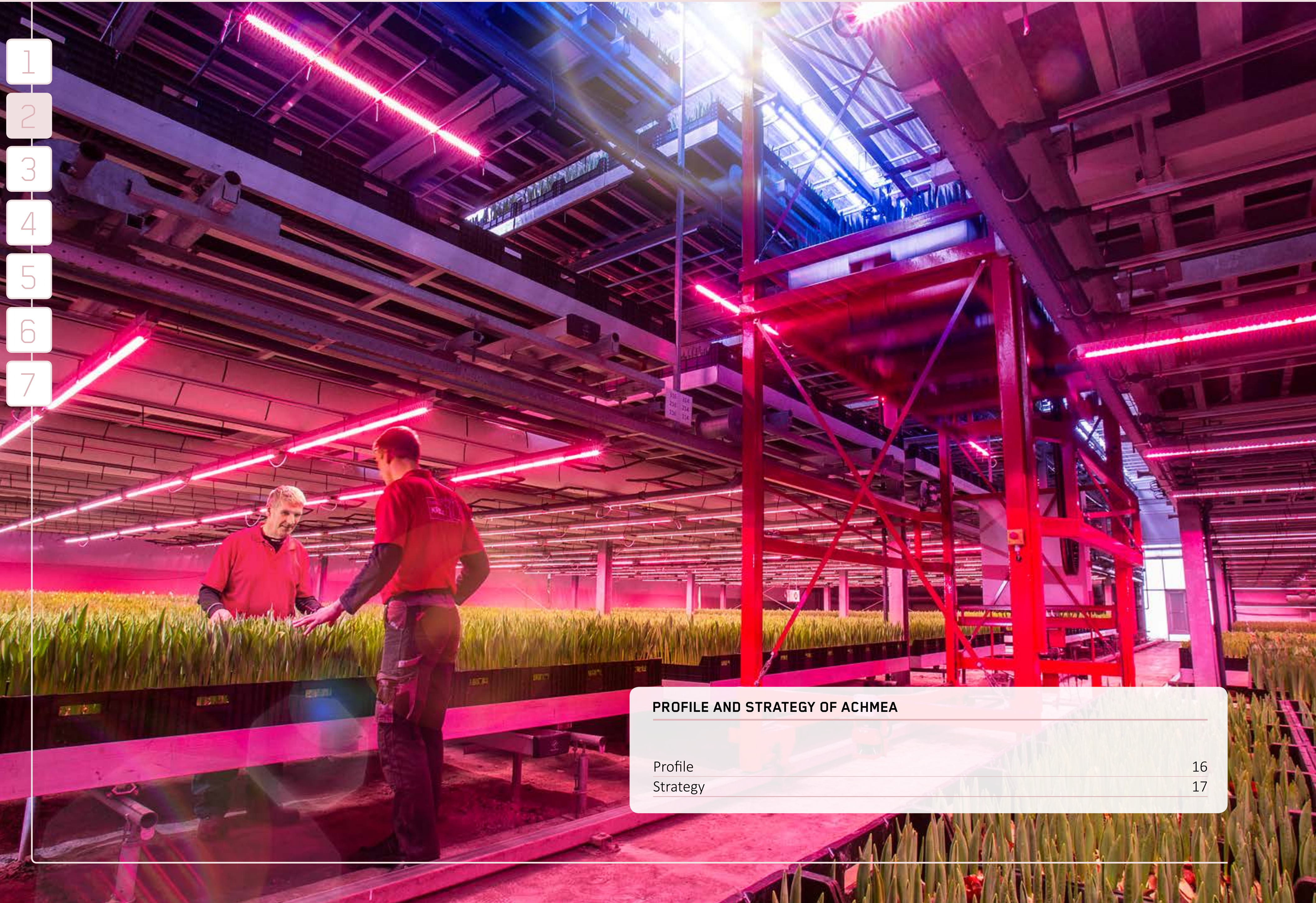
Expressing words of thanks

Bianca Tetteroo and Robert Otto were appointed new members from our own organisation in mid-2015. In addition Roelof Konterman was appointed Vice-Chairman. Danny van der Eijk and Jeroen van Breda Vriesman stepped down. We would like to thank them for their contributions to our company.

I would like to thank all our people and the Central Works Council for their great efforts and commitment. I also would like to thank our other stakeholders, our (business) partners – particularly Rabobank – shareholders and customers. Good cooperation with all our stakeholders is the only way to be of value in the future, both to our customers and to society at large.

Zeist, 4 april 2016

W.A.J. van Duin
Chairman of the Executive Board



PROFILE AND STRATEGY OF ACHMEA

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Profile

Achmea is the largest insurance company of the Netherlands and it has cooperative origins. We were founded by farmers in 1811. Afterwards, employer and employee organisations, health insurance funds and mutuals became part of our company. All were organisations with a societal role in their respective environments. Even today, we are a company with a strong cooperative identity.

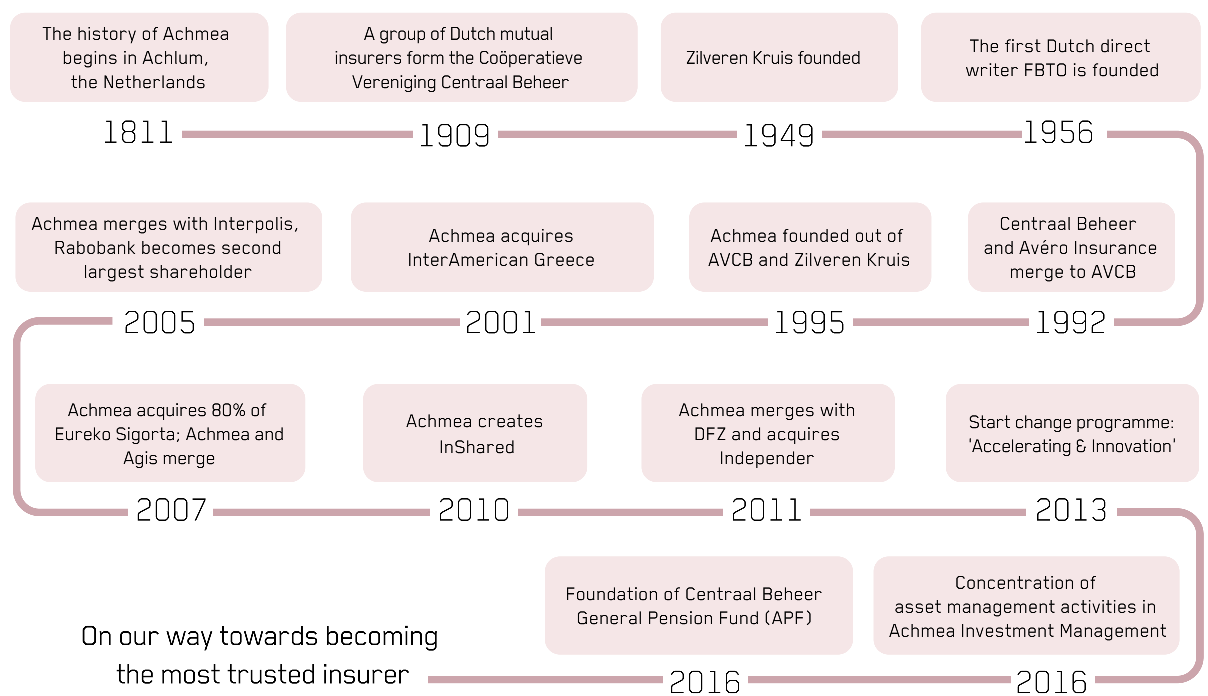
We are the market leader in Non-Life and Health insurance. In Income and Life insurances we hold a top 3 position. We are a top 5 player in Pension insurance. This makes Achmea everyone's insurance company. Our brands Centraal Beheer, Interpolis, Zilveren Kruis, Avéro Achmea, De Friesland, FBTO, InShared, OZF and Pro Life collectively serve approximately ten million private customers across the Netherlands. Our brands are actively working on innovative solutions to be able to serve our customers even better and with added value to society.

Abroad, we operate in Greece, Turkey, Slovakia and Ireland, and in Australia together with Rabobank. Our international strategy is targeted at being present in a selected number of growth markts and demographies, and deploy our expertise and experience from our home market, the Netherlands, also internationally for our customers.

Through the banking, direct and intermediary distribution channels we offer our customers a comprehensive range of insurances and related financial products. We focus primarily on non-life and income insurance, health insurance and life insurance. Achmea wants to continue to provide a good pension to its customers.

We therefore decided to establish a General Pension Fund (APF) with Centraal Beheer, for which the licensing procedure is expected to be finalised in 2016. The APF fits our long tradition of cooperative insurer, ín which we have extensive experience in representing all the interests in the pension market. By concentrating our asset management activities in Achmea Investment Management (AIM), we support our ambitions in the area of pensions. AIM has €100 billion in assets under management, both for several pension and retail funds as well as for Achmea.

The majority of the Achmea shares is held by Vereniging Achmea (65%) and strategic partner Rabobank (29%). Our shareholders support our strategy, which is primarily aimed at the continuity of services to our customers in the long term. Our customers wish to manage their insurance business in a different way. We are responding to this through our Acceleration & Innovation programme. Combined with the plans already in place, these changes allow us to continue investing in new products and digital solutions for our customers, maintain our high level of customer satisfaction and remain financially sound in the long term.



Strategy

TO BECOME THE MOST TRUSTED INSURER

Our aim is to be the most trusted insurer. Customers must be able to rely on us being ready to act when they need us. We are accessible via a broad range of brands and distribution channels. We believe it is our duty to act in a responsible and future-oriented manner. We want to do so by applying customer centricity to all our strategies and actions, by providing products and services which have added value for society and by investing responsibly. Our cooperative background makes us customer-driven and result-oriented.

Based on these cooperative principles, Achmea has developed over more than 200 years into a strong and diversified insurance company, whereby customers can rely on us that their interests are insured. Achmea has embedded customer influence by connecting its Customer Councils with the Members Council of Vereniging Achmea, Achmea's largest shareholder. We approach our strategy from four stakeholders, for which we want to create value: customers, employees, (business) partners and shareholders.

CREATING VALUE AS AN INSURANCE COMPANY

In our capacity as a risk manager and risk bearer, our social role is threefold:

- *Insight.* To create insight into uncertainties and the corresponding risks.
- *Risk dialogue.* Helping customers determining, based on their individual risk appetite, how they wish to deal with uncertainties (prevention, reduction, insurance or acceptance).

Our bold ambition remains to be the most trusted insurer

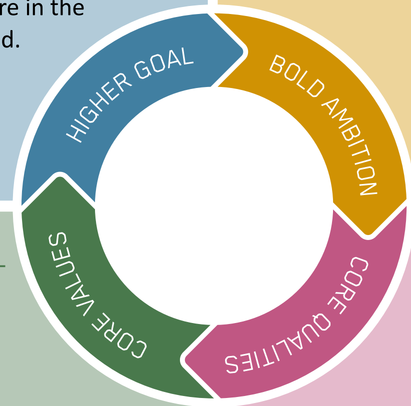
WHY DO WE EXIST?

We are a community of committed and involved people, where the customer is secure in the knowledge that they are well insured.

Our Group is customer driven, results oriented and shaped by our cooperative background.

WHERE ARE WE HEADING?

Most trusted insurer



WHAT DO WE STAND FOR?

Empathising
Innovating
Delivering

WHAT DO WE EXCEL AT?

Being professional
Improving
Connecting

- *Insurance.* We offer private insurance policies to individuals, companies, institutions and groups to match their choices with respect to solidarity and risk acceptance.

With our knowledge of risks we help our customers to take preventive measures. In doing so we reduce the risk of damage or loss and keep premiums affordable. As an insurance company, we provide our customers with the assurance that they can continue living their lives after being faced with unexpected setbacks. We take over the risk of such setbacks from them if they are unable or unwilling to bear it themselves. When an insured risk occurs, we pay compensation for the damage or loss and where possible help to repair the damage. Our customers jointly deposit premiums for which we can offer them continuity when facing unexpected adversity. Insurance is based on the principle of solidarity, which means that, although all individual policyholders pay premiums, not all of them will suffer actual loss. The impact on individual policyholders will therefore remain manageable due to the shared risk.

Profitability contributes to the company's financial health, ensuring that we can meet our obligations to our customers. Seeking a sound return is essential here to maintaining our sound financial position over many years. In doing so, regulators such as the Netherlands Authority for the Financial Markets (AFM) and the Dutch Central Bank (De Nederlandsche Bank; DNB) set requirements as a security that we can continue to fulfill our social function.

Our brands offer their insurance policies directly to their customers but also via our distribution partners, such as Rabobank and insurance intermediaries. Our partners also allow us to offer our propositions in the format that customers want. Meeting customer requirements makes us accessible to customers and provides a broad basis for the principle of solidarity.

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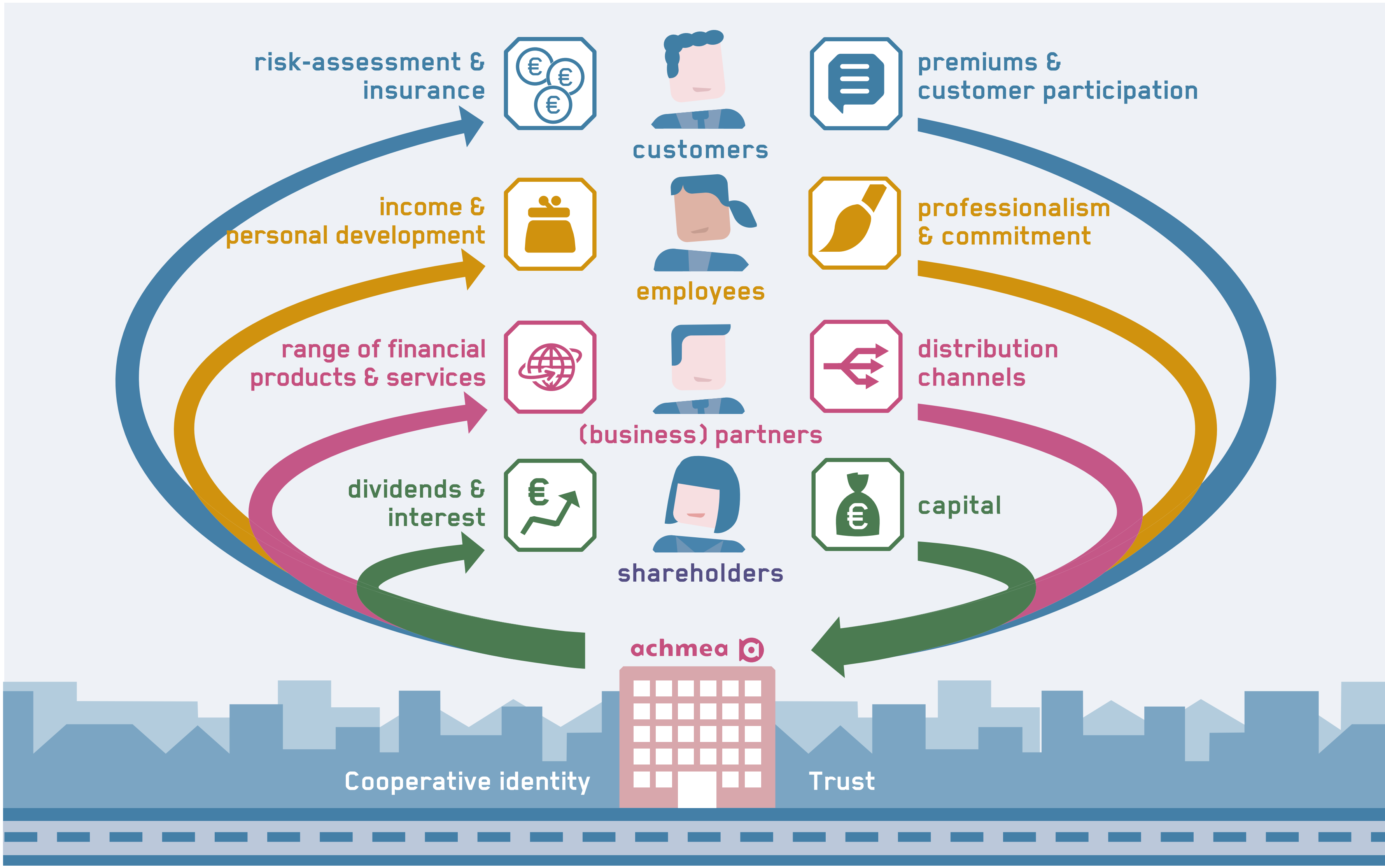
Achmea's Stakeholder Value Management Model



On www.achmea.nl you can find an interactive version of the above value creation model containing more information and a graphic representation of Achmea's corporate model.

MACRO ECONOMIC SITUATION

Compared to the past few years, the prospects of the Dutch economy are currently relatively good. We are witnessing both the recovery of (corporate) investments and private consumption and rising employment. This is being reinforced by three developments which, in 2015, expectantly also in 2016, have a positive impact on economic growth in the Netherlands:

- A robust recovery on the residential property market by means of more new development and more take overs of houses leads to more economic activity and consumption.
- A relative improvement of government finances as a result of both higher tax revenues as well as lower expenditure on social benefits offers possibilities for tax cuts instead of austerity measures.
- An improvement of consumer purchasing power, due to the fact that wages are rising more sharply than inflation.

This provides a broad and robust foundation for the still fragile economic recovery. Based on this, the Netherlands Bureau of Economic Policy Analysis (CPB), expects the Dutch economy to grow with more than 2%, similar to last year.

Obviously, this contains considerable uncertainties, but unlike the past few years in which the negative elements were primarily domestic, current risks mainly arise from outside of the Netherlands:

- Economic growth in China falls behind and particularly the stock market prices remain under pressure, thereby making the prospects for China's national currency relatively negative for the coming year.
- The US is now waiting for interest rate rises from the US central bank. This could lead to turbulence in the financial markets, albeit that the Federal Reserve is acting cautiously.
- In Europe we see considerable uncertainties, for instance how sustainable are the improvements in Greece or whether the UK will leave the EU or not?
- Looking beyond, we see recessions in the large countries of Latin America, problems in Russia and tensions in the Middle East.

This means a situation with increased economic and geopolitical risk in the second half of 2015. For the time being however, we are using the basis scenario that the economic recovery will continue, although limited.

The CPB expects that the growth in world trade, which is relevant for the Netherlands, will be more than 4%, well below 2008 pre-financial crisis levels, but yet substantial. This is good news for the export-oriented Dutch economy. At the same time, there is a risk that factors from abroad may have an impact on the Netherlands, with its open economy.

On balance, we expect a monetary easing policy across the world to keep supporting economic recovery. In this context, the interest rates in the US may go up to some degree, yet a further easing policy in other regions such as China, Japan and the Eurozone is a real possibility. On balance, we expect that the low capital market interest rates will continue to dominate the market environment.

In the basis scenario for our capital and liquidity management, we are using the Rabobank estimate which expects a 10-year swap interest rate in the Eurozone in the 1-1.5% range by the end of 2016, which is still well below the long-year average. Inflation will only increase slightly compared to the current low level.

All in all, we recognise the expectation of an improvement of the growth rate of the Dutch economy, while growth in the rest of the world will stabilise. In this context, the possibility of geopolitical instability and volatility in the financial markets continues to exist, which can also impact the Netherlands. Nevertheless, the Netherlands is expected to be one of the better performing EU economies in 2016.

OUR EXTERNAL ANALYSIS

We have grouped the most important environmental changes into eight trends. These trends do not exist in isolation, but can and will reinforce each other.

Unprecedented economic times. In view of the above, we are still witnessing a challenging economic situation. Interest rates are at historically low levels and the reduction of debt acquired during the financial crisis is curbing growth. Increased geo political instability can lead to futher delay in growth and economic shocks. The rational expectation is that the economy will gradually recover and that the intrest will increase to a limited extent. However, how individual customers will respond in dealing with these uncertainties remains to be seen.

Corporate Social Responsibility is growing in importance. In addition to laws and legislation and pressure from regulatory authorities, the general public also demands moral limits to doing business. Companies are to take changing norms and values into account. A growing number of existing and new businesses see opportunities in corporate models that create value for all stakeholders. Sustainability, welfare and investment in the Netherlands are important themes. Re-embedding the human dimension in financial services also plays a role here.

Solidarity that lies at the heart of insurance contracts is becoming less obvious. The need to share risk remains, but people are sharing risks selectively and increasingly in small and trusted circles, including outside the usual financial channels. A preference for local products and providers, the creation of small-scale initiatives and the sharing economy all reinforce this. These alternatives could yield added value (social control), but the flipside is that groups are in danger of being excluded.

New technology is creating new opportunities. The ongoing development of medical technology and diagnosis, robotisation, artificial intelligence and 3D printing will radically change our daily lives. Machine-learning algorithms, wearables and the Internet-of-things, in which machines communicate with each other and add value: these trends are accelerating due to the combination of miniaturisation and cost reduction.

Interconnectedness by technology, leads to hyperconnectivity: people, sensors and machines are related with each and everyone. Technology-based start-ups can make existing parties around the world superfluous using only a small amount of capital. The advent of new eco-systems (platform-based, data-based, open source) which operate according to completely different business models will reinforce this. New groups are being created and are making their presence felt, for instance in combining demand for financial products.

Individual responsibility and flexibility are increasing. A vacuum is being created; a retreating government and employers pulling back in response to rising healthcare and pension costs. Group schemes and provisions are being scaled back. Risks and uncertainties are increasingly shifting to citizens, freelancers and employees. This is being enforced by the fact that both the job market and relations between employers and employees are changing and as civil society is decreasing in importance in the Netherlands.

Changing risks. Technological opportunities are changing the risks inherent to society. Usage risks are declining. Connected cars cause fewer accidents and intelligent home management can restrict the perils we face in and around the house. New risk areas are also arising. It is already possible to insure the risk involved in the sharing economy, and insurance against cyber crime will arrive in the short term. Slightly further on in the future is the demand for insuring product liability and the risks relating to the changing climate. The transition to sustainable energy generation will be accelerated by the Climate Agreement reached in Paris.

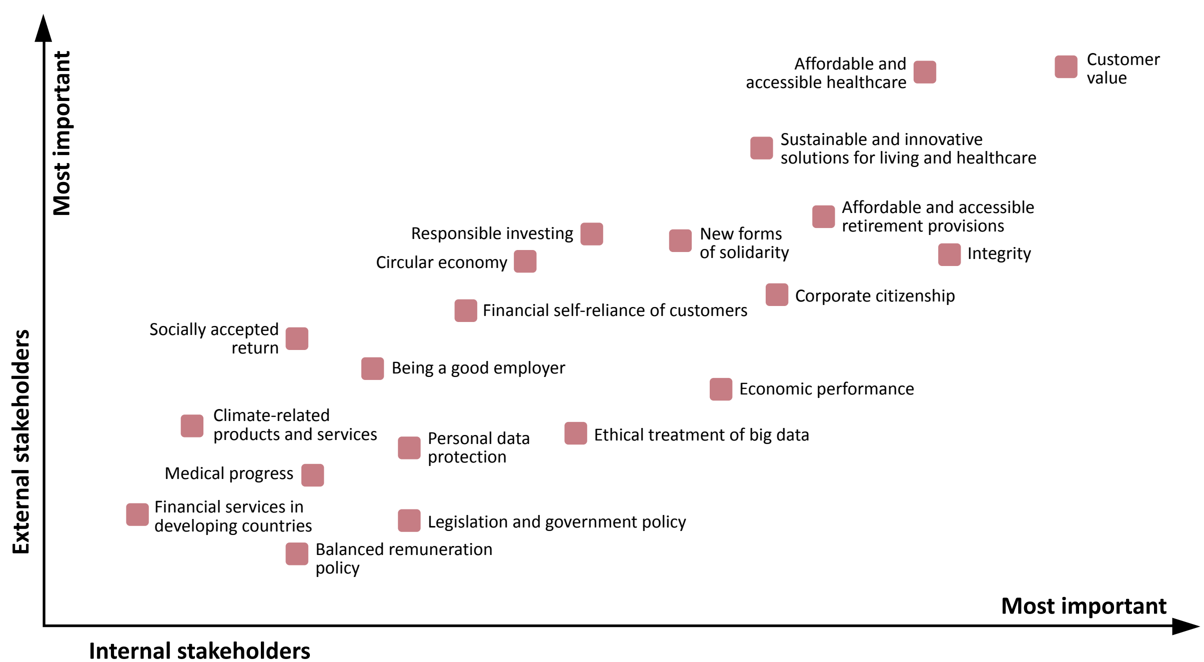
Uncertainty is inevitable. This applies to the macro economic situation, customers, for whom there is uncertainty about their future income, but also to the insurers themselves. This uncertainty derives not just from the political and societal debate on the pension and healthcare systems. True uncertainty is determined by the unpredictability of how various trends will affect each other. This can and will have an impact on the core of the insurers' business models. Yet it remains uncertain when and to what extent these eight trends will materialise.

Materiality

We monitor these trends closely. The resulting changes form the basis for our strategic choices. We also involve our stakeholders in this. In 2015 we launched an in-depth process in which we consulted internal and external stakeholders with the request to identify the issues they feel are of particular relevance to Achmea. This insight helps us to develop products and services which enables us to remain relevant in future by creating value for our customers and other stakeholders.

Based on dialogues with our stakeholders and additional research – summarised above in eight trends –we have pinpointed twenty themes. These were presented to a

Materiality Matrix



group of internal and external stakeholders to review which themes are material to Achmea and to identify additional ideas and opinions on Achmea's role in society. The topics which are most relevant and important to our stakeholders are listed in our Materiality Matrix. Topics are earmarked as material if they are relevant to our stakeholders and could potentially have significant consequences for Achmea. The greater the impact of the issue on both society and Achmea's operations, results and strategy, the greater the materiality of the topic. The matrix demonstrates that the internal and external stakeholders have a consistent view on the topics. Furthermore, the matrix shows that creating value for customers – in particular in relation to healthcare, pensions and the combination of housing and care – are top priorities for both internal and external stakeholders.

As can be seen later in this section, these themes are reflected in our strategic choices. This materiality study also highlights important points to reflect on in our strategic choices for those social themes with which Achmea and its brands can distinguish themselves. In the first quarter of 2016, the results of this study will be discussed by Achmea's Group Management Committee with a view to testing our priorities and strategy against what our stakeholders find important. This will help us to remain relevant to our customers and other stakeholders, now and in the future.

If this results in adjustments or additions to our choices, these will be reflected in our business operations and steering.

Please see appendix B for detailed information on the stakeholders' consultation.

THE CONSEQUENCES FOR OUR LINES OF BUSINESS

The eight trends we have identified and the insights obtained from the materiality analysis will have a direct and indirect effect on our operations. We have worked out the impact in brief for our three main lines of business.

Non-Life & Income

In the Non-life and Income segment we can observe all the characteristics of a saturated market. There is no room for further growth and aggregate websites increase the pressure on margins. The following trends are also important:

- People want freedom of choice to the extent to which they share risk and with whom. Customers also seek alternatives with a view to organising risk sharing on a small scale. This is encouraged by the trend from ownership to use. Concepts such as Friendsurance, peer-to-peer networks and the sharing economy mean that the insured value is decreasing, but this also provides opportunities for insurers.
- New technical products and the Internet-of-things are already contributing to the prevention of loss or damage and early identification of issues. Usage-based insurance, connected cars and changes to liability are creating different risk profiles and altering the cost of claims. The potential impact is enormous. At the same time, increasing relationships will create more complex damage or loss and climate change and cybercrime will increase the cost of claims.
- The outlined trends will be reflected in the choices made by market parties. Established providers are reacting by optimising their existing business models. They are seeking to cut costs in order to retain their market position and financial results. This is creating an increasingly tight cost benchmark. We are also seeing new players entering the Dutch market with single-line digital business models, so far with limited commercial and financial success.

The major trends can be found in the non-life insurance business. Technology, interconnectivity, changing solidarity and the sharing economy are all putting pressure on the non-life insurance business. In the long term, these trends could be disruptive to existing business models.

Health

New medical technology offers opportunities to improve healthcare and assist customers in attaining good health. The transition to long-term healthcare has been accomplished. New demand and gaps in the provision of healthcare are a source of innovation, both in terms of cures and care. The following trends are important in this respect:

- The application of new technology and intelligent home management is accelerating rapidly. This allows people to get a better grip on their health and care treatment, and to continue living in their own homes for longer. Early identification of problems, home diagnosis and medical treatment from a distance can help improve the quality of healthcare. Wearables and apps can support a healthy lifestyle. The challenge is to insert these into existing processes and thus control costs. The question still is how insurers can make a significant contribution to this.
- The healthcare sector operates under a societal and political magnifying glass. Amendments to risk equalisation and the transfer of less predictable risks mean that insurers have to bear higher risks. The wide variety of policies is being questioned, and that pressure is being increased by the debate on risk selection. In the long term, the added value of group insurance could be open to debate.
- Healthcare insurers' profits and buffers are a target for criticism. On the one hand, we are seeing the growing societal pressure and political call for using buffers to keep down premiums. On the other, the need for higher buffers due to the higher level of risk. This could lead to extra pressure on premiums at a small number of providers with different capital buffers.

Competitive healthcare procurement provides an opportunity for curbing rises in premiums, but is also a source of friction and criticism. Technological trends relating to wearables and prevention are evolving rapidly and will bring opportunities for curbing premium growth the long term.

Retirement provisions

Retirement provisions are under pressure for several years. The individual life insurance market has shrunk drastically. Low interest rates, rising life expectancy and the ageing population are adversely affecting the funding levels of pension funds and the profitability of insurers. It is increasingly employees who bear the risk in pension schemes as employers and insurers are no longer prepared to do so. Intergenerational solidarity is no longer a given. The following trends are also important:

- Regulatory requirements and essential cost-cutting are leading to shifts in the market. The number of company pension funds has dropped sharply, and a growing number of those in employment have a pension scheme with a defined contribution agreement. There are about ten premium pension institutions (PPIs) in the market and at least six parties have announced plans to set up a general pension fund (APF). Banks have become our competitors in the defined contribution pension market. Yet pension funds are expected to continue dominating the market for group pension schemes over the next few years.
- A growing portion of the working population is not accruing an adequate pension. The uniform contribution and accrual system is causing friction and affecting the support for the pension system. A higher number of risks for participants leads to a demand for transparency on the distribution of the risks. Macro-economic trends are exposing the vulnerability of pension agreements. Increased diversity and individualisation are prompting demands for options.
- The Dutch government has indicated its conclusions with respect to the future of the pension system. One important element here is the planned legislation on general pension funds (APF). The second outcome is that the Dutch government intends to start dismantling the uniform contribution and accrual system from 2020, in favour of a system with degressive accrual. It seeks a differentiated approach that allows everyone in employment to accrue an adequate pension. This pension needs to be more transparent and simpler and to provide greater flexibility and options, possibly based on personal pension accounts.

SWOT Analysis

STRENGTHS

- Customer satisfaction
- Good market position in the Netherlands
- Product and distribution diversification
- Strong brands, particularly in the direct and banking channel
- Robust capitalisation
- Close to the customer due to direct channels and cooperative background

WEAKNESSES

- Complexity typical of large organisations
- Relatively high cost level
- Limited geographical spread
- Active in markets with limited earning capacity

OPPORTUNITIES

- Demand for new customer-oriented solutions
- Digital insurer
- New business models
- Big data and insight into customer behaviour
- Relationship with Rabobank, both nationally and internationally

THREATS

- Mature and competitive market in the Netherlands
- Societal pressure on healthcare business
- New players entering the market and new ecosystems of providers
- Political decision-making and regulatory pressure
- Volatility and low interest rates in the financial markets

The challenges, opportunities and threats have been translated into a SWOT analysis, in which the classification of opportunities and threats is partly arbitrary.

The retirement provision business will soon be subject to new legislation. The parties involved need to prepare themselves for this now. At the same time, the business model will be affected in the long term by the results of the debate on the pension system and a shift towards greater personal freedom of choice and control over capital planning. In anticipation of further decision-making and implementation, both participants and providers will remain in uncertainty for several years to come.

WHAT CHALLENGE WILL ACHMEA TACKLE?

In response, we set up the Acceleration & Innovation programme (Versnellen & Vernieuwen) in 2013. We are using this to enhance our business model, accelerate the introduction of digital customer interaction and restore our earning capacity in the short term. This has led to visible acceleration and innovation. A great deal has already been achieved with this programme, but we have not yet finished everything. We also noted that the changes on the market are more rapid and far-reaching than anticipated. This is why the topics on this agenda are dynamic. We update the programme in line with any new opportunities and trends. To this end, a programme office was set up that reports to the Executive Board.

We are aware that in the long term our customers' expectations of our services are changing, the earning capacity in our core markets is declining and our costs are high compared to our current competitors. Moreover, new competitors with new revenue models are being created, which could disrupt the markets on which we operate. The SWOT analysis shown here depicts how we assess our current situation when it comes to remaining relevant to our customers in the future.

Strategic risk analysis

More information on our risk management system can be found on page 73 to 74. We have identified specific strategic risks that may directly affect our ambition of becoming the most trusted insurer. The themes are:

- Not responding in good time to changing circumstances and earnings models. This is important to secure our level of service and to prevent pressure on continuity. Funds must be freed up to innovate. This involves issues such as costs, capacity to change, societal changes, shifts in the market and persisting low yields.
- The sale of products via distribution partners, such as Rabobank due to the impact on the financial results.
- The digital transformation does not occur rapidly enough. This can lead to relatively high costs in the IT chain to profit from the IT possibilities Furthermore, attention points in respect of a large change program are a long time to market and the less rapid adoption of new technological trends.
- New laws and legislation apply to many areas. The implementation of (open) norms into primary processes often involves large-scale projects. Furthermore, regulators are setting a growing number of requirements and society expects increasing transparency.
- Changes in consumer behaviour and technology demand different knowledge and skills which are scarcely available in the market.Consequently it is important that given all on going changes, talent remains committed to Achmea.
- Pressure on our reputation can influence our competitive position. It could also reduce the logic of Achmea as a partner and reduce the company's appeal on the job market.

The overall risk picture did not change significantly for these aspects in 2015 compared to 2014. The future contains both challenges and uncertainties. It is not always clear what future customer expectations, market regulation and successful business models will be. This means that we as an insurer need constantly to develop ourselves in order to continue to be of value to customers in the long term.

OUR APPROACH

From our strong starting position and in response to a rapidly changing world, we are reorganising large parts of our company, both in distribution and the separate lines of business.

We have opted to respond at three levels: maintain course, complete and accelerate.

- Maintaining course means that we adhere to the profile of a risk insurer based on a cooperative philosophy, which steers according to the different dimensions our strategy map encompasses. This also means that we will adhere to completing the current transition to a digital insurer in 2016, and if necessary for longer, aimed at cutting costs and boosting revenue.
- We are creating space for change via a focus on eight change processes that affect the entire spectrum of the company and complete the planned transition in full. We are creating flexibility by implementing additional measures that will lead to less complexity, less costs in the chain and in FTEs.
- We are anticipating on new trends and accelerating by boosting our innovative capacity. To this end we are working on six new strategic initiatives to boost revenue and make the core of our company future-proof.

Concretely, this will lead to a number of existing change and innovation processes. In the customer domain our priority is on excellent service through the combination of both digital and personal interaction with customers and developing new propositions to match their changing needs.

OUR CHOICES

- In the non-life business we will continue to streamline processes, use big data effectively and seek new opportunities via innovation.
- At Zilveren Kruis we continue to work on cutting costs, taking initiatives that contribute to improved healthcare and a healthy lifestyle, and being available to help and advise our customers.
- In the case of retirement provisions, we are working hard on launching the general pension fund (APF) and a comprehensive financial proposition for consumers at Centraal Beheer.

We have opted for market-oriented and smart IT chains and will increasingly serve customers digitally, on our way to becoming the digital insurer. We are also working on introducing a new financial management model and assisting our employees in adopting a modern way of working.

OUR EXPECTATIONS

The future is challenging and provides opportunities for new activities, however is also uncertain for certain operations. We see the financial results lagging as a result of changing market conditions, the postponement of savings, a premium rate setting that leads to a loss provision for the Health operations and strategic investments. In addition we note that additional efforts are required on certain parts of the company to reduce the number of employees. We acknowledge this and are acting accordingly. Through our approach at three levels in five years a different balance between operations with less capital requirements and a different earnings capacity. With this we lay the foundation for future growth and sustainable financial result.

OUR STEERING

In order to monitor progress in achieving our strategic objectives and to anticipate on changes in good time, we have defined sixteen critical success factors (CSFs) for the six perspectives. These CSFs have been translated into a set of measurable Key Performance Indicators (KPIs). By measuring these periodically and, where necessary making adjustments, we try to achieve our strategic objectives and hence respond to societal developments. The next page contains a summary of these. The subsequent sections explain our performance in 2015 and our ambitions for 2016 in greater detail.

Strategy map

Towards becoming the most trusted insurer

CUSTOMER PERSPECTIVE →	Customers feel strongly connected to our brands	We listen closely and continuously to our customers and they have a voice in our organisation	Cutomers know they are well insured with our propositions
SOCIETAL PERSPECTIVE →	Our propositions have a demonstrable added value	We facilitate the solidarity our customers want	
EMPLOYEE PERSPECTIVE →	Our employees excel in customer service, professionalism and continuous improvement	Management steers on interpretation and implementation of the strategy	Employability is everyone's responsibility
PARTNER PERSPECTIVE →	We are successful in achieving selected (distribution) partnerships	We make insurance successful for Rabobank	
PROCESS PERSPECTIVE →	Our processes contribute to achieving the highest Net Promoter Score	We work based on standards	We use technology and information as *the* differentiating factors
FINANCIAL PERSPECTIVE →	We realise competitive cost levels in our value chains	We make a responsible return and focus on selective growth	We ensure a robust balance sheet and effective capital and investment management

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KEY PERFORMANCE INDICATORS

We have set one or more Key Performance Indicators (KPIs) for each of the six perspectives of our strategy.

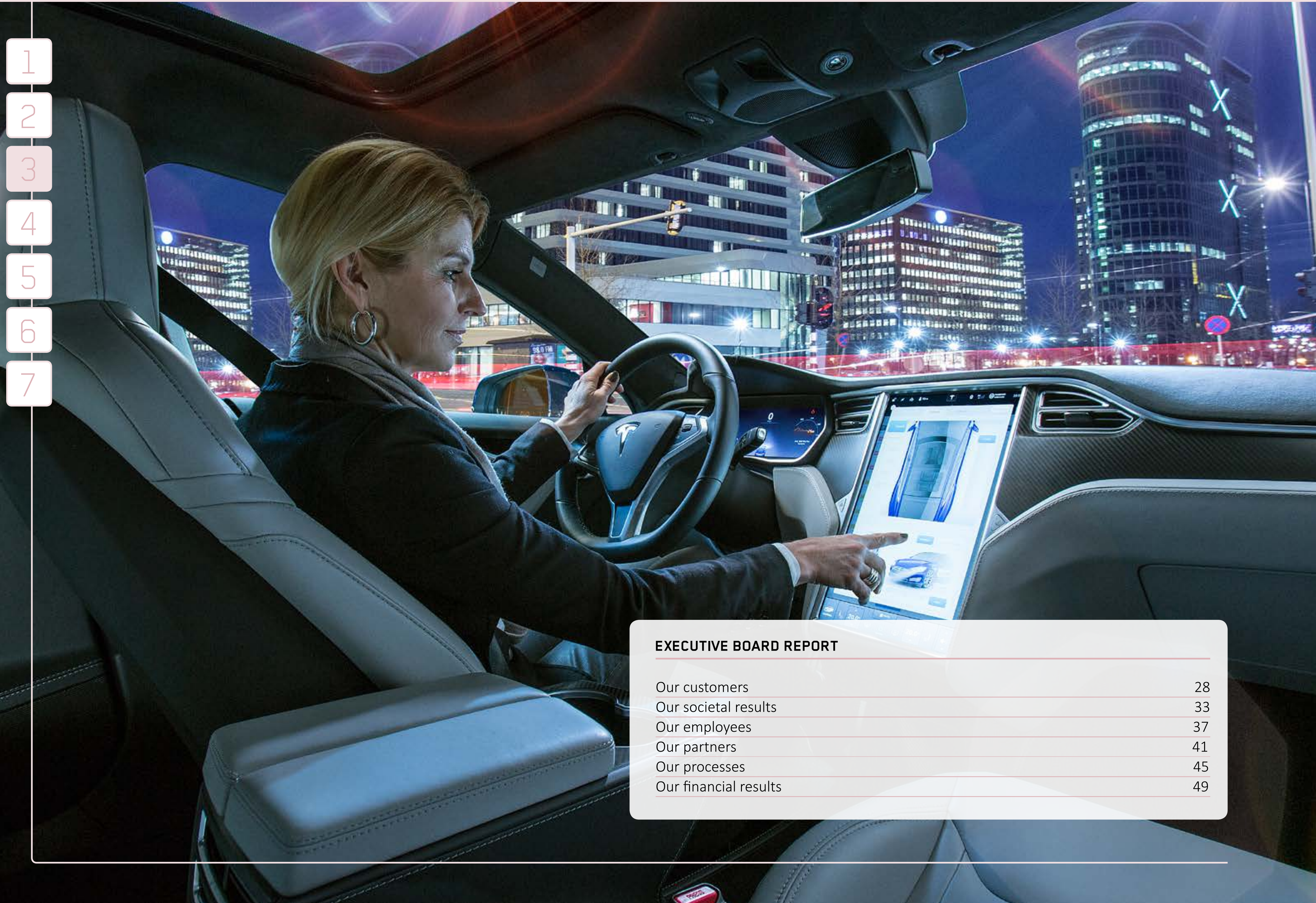
By measuring these periodically and, where necessary making adjustments based on the measured values, we try to achieve our strategic objectives and hence respond to societal developments.

PERSPECTIVE	KPI		2015 TARGET	2015 STATUS	2016 TARGET	REFERENCE
CUSTOMERS →	Customer satisfaction	Non-Life	> average for the sector	7.7	> 7.7	Page 28
		Health	> average for the sector	7.9	> 7.9	
		Life	> average for the sector	7.4	> 7.2	
	Number of brands bearing the Customer-Oriented Insurance quality seal*		All brands	All brands	All brands	Page 28
	AFM Customer Centricity Dashboard		> average for the sector	3.4	> 3.5	Page 28
SOCIETAL →	Ministry of Economic Affairs' Transparency benchmark		Top-20	22nd place	Top-20	Page 33
EMPLOYEES →	Employee engagement*		> 71%	75%	-	Page 37
PARTNER →	Rabobank satisfaction		7.8	8.0	7.8	Page 41
PROCESS →	Number of Zilveren Kruis and Avéro Achmea customers that opt for digital communications		2 million	1.9 million	2.2 million	Page 45
	Percentage of Interpolis' private non-life insurance policies sold online		30%	28%	35%	Page 45
FINANCIAL →	Cost reduction 2014-2016		€450 million**	€300 million	€450 million**	Page 49
	S&P rating		A+ rating for insurance activities	A+ rating for insurance activities	A+ rating for insurance activities	Page 49
	Solvency ratio insurance activities (IGD)		> 190	210	-	Page 49

** This information relates to Achmea's Dutch operations, excluding third-party companies.*

*** These are cumulative cost reductions 2014-2016 excluding one-time investments in innovation*

In the KPI overview shown above, the KPI's of the Fair Insurance Guide, the digitisation of Centraal Beheer and the combined ratio for the Dutch basic health insurance have not been included compared to last year. Centraal Beheer had no KPI objective for 2015 and therefore this will not be dealt with. As for the Fair Insurance Guide, there has been no practical study within the objective in 2015. Please find more information on page 35. The combined ratio is not included in the above overview of KPIs. Achmea still uses a target of <100%. As of the beginning of 2015 Achmea decided to steer with other financial KPIs.



EXECUTIVE BOARD REPORT

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Our customers

In order to remain relevant in the future, we are transforming ourselves into a customer-driven organisation in which our customer interests are of central importance. We have therefore firmly embedded the voice of our customers into our organisation. This is implemented via Policyholders Councils, the connection with the Members Council and a number of key primary processes. When it comes to developing our products and composing our communications, feedback from our customers is essential. To see whether our services meet our customers' wishes, we are measuring this by means of the Net Promoter Score (NPS). This feedback also forms the basis for improving our processes and products. Finally, as a holder of the Customer-Oriented Insurance quality seal we are challenged to continue to meet the standards for serving our customers properly.

KPI	2015 TARGET	2015 STATUS	2016 TARGET
Customer satisfaction			
Non-Life	> sector average	7.7	> 7.7
Health	> sector average	7.9	> 7.9
Life	> sector average	7.4	> 7.2
Number of brands with the Customer-Oriented Insurance quality seal*	All brands	All brands	All brands
AFM's Customer Centricity Dashboard	> sector average	3.4 in line with sector average	≥ 3.5

** This information relates to Achmea's Dutch operations, excluding the third-party companies.*

Compared to last year, the KPIs of the improvement of customer contact and the number of Customer councils are not included in the above overview. There are no new targets for these subjects. The results are addressed on the following pages.

WE LISTEN CLOSELY AND CONTINUOUSLY TO OUR CUSTOMERS AND THEY HAVE A VOICE IN OUR ORGANISATION

The customer's voice

Improvements always begin with customer service. We can only think and act based on our customers' interests if we are aware of their needs. Not all Achmea employees however interact with customers directly. In order to ensure that all our employees are aware of customers' interests and concerns at all times, we launched a special 'Customer's voice' page on our corporate intranet in 2015: an online community complete with customer facts and insights. We strongly encourage interaction with and among employees, so that people at all levels of the organisation are aware of customer's concerns and interests. This helps to improve insight.

Customer survey

Achmea's customers share their opinion: not only to tell us whether they feel our products and services meet their needs, but also about (finding and understanding) our communications. We therefore conduct regular customer surveys as part of our business operations.

Customer Councils and Policyholders Councils

Customers want Achmea to take their needs into account and they want to be involved in the process from need to product. Achmea's cooperative background puts it in a good position to ally itself with customers. Customers have a very prominent role in Achmea's brands, with influence over our products and services. Customers are represented by Customer Councils and Policyholders Councils. The Customer Councils have a legal basis for our Zilveren Kruis and De Friesland Zorgverzekeringen healthcare labels. Both the Policyholders Councils and the Customer Councils are forums for co-creation that serve as a sounding board for the brand's management. They are safeguarding the cooperative-based standards and values in our products and services.

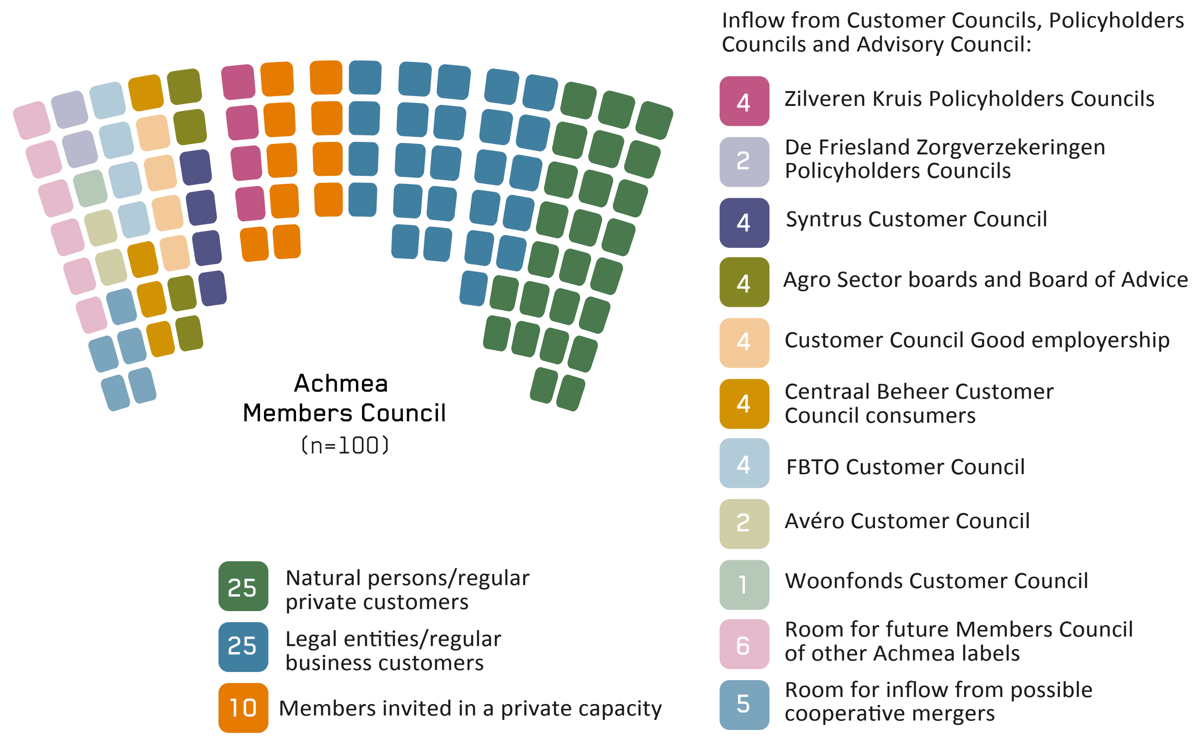
We completed the process of organising customer representation at Achmea in 2015. There are currently a total of eleven Customer Councils and Policyholders Councils that have a voice in our organisation. Two Customer Councils were established in 2015, and following the organisational change the Syntrus Customer Council has been divided into a Customer Council for each of the three new components of Syntrus Achmea.

Newly established are the Centraal Beheer Customer Council consumers and the Avéro Achmea Customer Council.

Alliance between Customer Councils and Vereniging Achmea's Members Council

The Members Council of Vereniging Achmea – Achmea's largest shareholder – can be regarded as the embodiment of Achmea's member policy and has two clear objectives under the Articles of Association: firstly safeguarding Achmea's continuity and secondly representing the collective customer interest of all Achmea customers. In 2015 the composition of the Members Council was adapted to be made more representative by forming an alliance with the Achmea Customer Councils and Insured Policyholders Councels and appointing a delegation of these councils as

Composition Members Council (November 2015)



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members of the Members Council. As a result, the Members Council now reflects Achmea's customer population. In addition, the members of the Member Council and Customers Councils have been engaged in talks with each other and with Achmea employees in shared interactive sessions by way of experiment to discuss the opportunities and threats associated with big data. In so doing, Achmea demonstrates that it takes the voice of its customers extremely seriously and gives customers a leading role in the organisation.

ONLINE FBTO CUSTOMER COUNCIL

Customers appreciate FBTO's online convenience. We also use the benefits of online communications for the FBTO Customer Council, which convenes online three of the four times a year on FBTO's online forum, Onderling.nl. The members of the Customer Council and the FBTO management engage in talks with each other in a secure section of Onderling.nl, discussing issues they feel are important and engaging in debate based on hypotheses, video blogs (vlogs) and various cases. This ensures that FBTO customers have a direct voice in the organisation.

Improving customer contact

We want our communications to customers – letters, forms, quotes and website information – to be clear and transparent. Hereto, we made great progress in 2015 by rewriting all these communications. After rewriting all these, we continuously improve our communications. We actively involve customers and consumers in assessing our communications. We keep learning from one another, from customers and from best practices outside Achmea.

We do most of the rewriting ourselves, and train all employees in the Netherlands to adopt this writing style, which we refer to as 'Trusted Communications' (Vertrouwd Communiceren). This allows us to integrate comprehensible and clear communications into our day-to-day work, and also step-by-step into our culture. We are using best practices to raise the standard each time. In 2016, we will continue to work on continuously improving our communications in all forms.

IN THE CASE OF LATE PAYMENTS, INSIGHTS INTO CUSTOMER SITUATIONS HAVE GREATLY IMPROVED

Mortgage payments account for a large part of many customers' expenses. If any financial problems arise, they may be unable to make these payments, causing them to fall behind. The sooner we are aware of this situation, the better we are able to find a solution together with the customer. We have adjusted our credit control process for this reason. In the new situation we contact the customer by telephone within two weeks after they have missed a payment. The purpose of this phone call is to find out the reason they are late in making their payments instead of collecting the debt. We assess the customer's situation and support them using a number of specific resources, such as budget coaches, job coaches, or loan restructuring. Our employees are focussed more on finding a solution than on collecting the debt, and our customers have given us a positive Net Promoter Score, which demonstrates they are highly satisfied with this approach.

SEGMENTED COMMUNICATION FOR CUSTOMERS WHOSE ANNUITY HAS BECOME PAYABLE

When an annuity becomes payable, customers have various options, which depend both on the tax regime under the policy and on the amount accumulated and the customer's age. Previously, no distinction was made: all customers received the same information at the time the policy was released. However, we want to ensure that we are there for our customers at the moments that matter – and the release of the annuity policy is one of those. From 2015, Centraal Beheer and FBTO customers therefore receive information that matches their options. It has become easier for customers to decide how to spend the assets accrued.

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CUSTOMERS KNOW THEY ARE WELL INSURED WITH OUR PROPOSITIONS

Customers need to rely on our sound and accessible solutions which match their current and future needs. Customers experience this themselves but can also verify this at other bodies, such as regulatory authorities and consumer organisations.

As example we use the AFM (Netherlands Authority for the Financial Markets) Customer Centricity Dashboard set up by our regulatory authority in 2011. In doing so, the AFM has set norms to test whether Achmea, as one of the six major insurers in the Netherlands, meets the AFM criteria of whether it is a 'good insurer'.

Achmea was awarded a score of 3.4 (on a scale of 5) over the assessment period 2014/2015. This is the average score for the sector. Achmea is therefore on the right track but there is no reason for complacency. As a cooperative insurer, we owe it to our customers and ourselves to improve our operations further.

MODULE	ACHMEA	MARKET
Above average		
Claims handling	3.6	3.4
After care investment linked policies	3.0	2.6
Self-assessment of modern savings policy	4.6	4.4
Average		
Self-assessment of mortgages	3.3	3.3
Digital pensions communications	3.4	3.4
Customer contacts	3.8	3.8
Below average		
Payment arrears on mortgages	2.1	2.2
Expiring annuity policies	3.0	3.2
Complaints management (2013)	3.8	4.2

Achmea earned the scores given on the left for the different modules of the AFM's Customer Centricity Dashboard over 2014/2105. The average score for the market is also given.

It is our ambition to score better than the market average. To this end we are creating our own dashboard, based on the AFM's Customer Centricity Dashboard plus our own ambitions. Here, we make it clear that customer centricity is not just included in our strategy map, but also that it is clearly translated into our distribution, products, services and operations.

An example is our modus operandi for developing new products that we introduced in 2015. We do this by applying a fixed new legal modus operandi in which customers interests play a prominent role. This means that the products are more suitable for customers and they remain up-to-date. Existing products are improved or replaced. Customers consequently know that they are in safe hands.

Achmea regularly tests all its products against the latest legal guidelines and its own standards, including in relation to 'fair pricing', 'norm returns' and 'social use'.

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CUSTOMERS FEEL STRONGLY CONNECTED WITH OUR BRANDS

Customer satisfaction

It is important to us to know how our customers feel about us and how we can further improve our services. To this end we cooperate in customer satisfaction surveys from the Association of Insurers (Verbond van Verzekeraars) and continuously monitor how our customers rate us, e.g. using the Net Promoter Score (NPS). The NPS measures customer satisfaction and is a major instrument for Achmea. More information on the NPS can be found in the section Our processes.

Customer-Oriented Insurance quality seal

The Customer-Oriented Insurance quality seal (Keurmerk Klantgericht Verzekeren) is a seal for the services and customer focus of insurers. The Stichting Toetsing Verzekeraars (Foundation for the Review of Insurers) grants the right to use the quality seal. The foundation checks whether a quality seal holder provides clear and accurate information on its insurance products and whether it takes the target group into account when developing an insurance product. The Centraal Beheer, Interpolis, Avéro Achmea, Zilveren Kruis, Pro Life, FBTO and InShared brands have again been granted use of the Customer-Oriented Insurance quality seal. The foundation cites Zilveren Kruis as an example of quality seal holders which provide information on claims in a client-oriented manner. Interpolis is named as a good example when it comes to making it easy for clients to find information on complaints. InShared provides thorough and easy-to-find online information. InShared informs visitors to its website when they can expect to receive an answer to their e-mail as standard. More information can be found at www.keurmerkverzekeraars.nl.

	CONSUMER MARKET			BUSINESS MARKET		
	NON-LIFE	HEALTH	LIFE	NON-LIFE	INCOME	LIFE
Centraal Beheer	7.7	-	7.2	7.5	7.1	6.7
Zilveren Kruis	-	7.4	-	-	-	-
Interpolis	7.9	7.8	7.4	7.4	7.3	-

More information about the other brands and the Customer-Oriented Insurance quality seal can be found in appendix C. This also contains links to more information on complaints procedures and customer surveys in relation to the Customer-Oriented Insurance quality seal.

Our societal results

We focus on a sustainable future for our customers, society and our company. This extends beyond providing financial services alone. Built on the tradition of cooperatives, health insurance funds, employers and employees, we have long been focused on societal value. This aspect is more important than ever. Society is undergoing rapid changes. New developments in the job market, healthcare and the world around us require new solutions which help our customers to get on and strengthen society. We consider it our mission to contribute to creating a healthier, safer and more future-proof society. Specifically looking to new and future generations. For this reason, Achmea has formulated clear objectives within its strategy from a social perspective. We aim for our products and services to have visible social value. The system of solidarity our customers hold so dear serves as a key touchstone in this process.

KPI	2015 TARGET	2015 STATUS	2016 TARGET
Ministry of Economic Affairs Transparency Benchmark	Top 20	22nd place	Top 20

Compared to last year, the KPIs of the improvement of the Fair Insurance Guide and the benchmarks of the VBDO and the Reputation Institute are not included in the above overview. The Fair Insurance Guide did not have a field study in 2015 within our target subjects. The targets and results for the benchmarks are addressed on the following pages.

OUR PROPOSITIONS HAVE A DEMONSTRABLE ADDED VALUE

We conduct a dialogue with our stakeholders and consider solutions together. We do so to gain insight into societal issues that correspond to new trends and risks. This is how we provide the basis for creating value for society through our propositions. We signed the United Nations Principles for Sustainable Insurance (PSI) in 2012. In doing so, we demonstrate that we wish to be held accountable for how we give substance to a sustainable future for our customers and society (read more about how Achmea does this in appendix G).

In defining the PSI, insurers and the UN have again raised awareness among the public of the essence and relevance of insurance. Insurance is truly about sustainability. Concretely, this pertains to whether you can continue with your life or business when impacted by disease or damage. Solidarity is the foundation of insurance – about sharing the risks that we are unable to bear by ourselves. As risk managers and risk bearers, insurance companies have used their influence to improve the safety of life and make it more 'future-proof'; by hedging risk but also by avoiding it altogether. As the world changes, so do the risks. The Principles for Sustainable investment raise awareness for issues such as global warming, the transition to sustainable energy, scarcity of raw materials, poverty, food security, demographic ageing and accessible, good healthcare for all. Insurers can provide an important contribution, based on their knowledge and expertise, also in the Netherlands.

Product innovation based on public needs – sustainable insurance – provides new opportunities. Products and services that yield benefits for Achmea's customers, employees, (business) partners and shareholders and benefit society at large. In doing so, we aim to contribute to a future-proof, healthy and safe society in which people are (financially) empowered. Within all our divisions, we continue to find opportunities to ensure that our services meet society's (new) needs.

Future-proof retirement provisions

In the current pension system it is easily forgotten what pensions are all about: to be able to enjoy a comfortable retirement. We aim to increase awareness of this. Together we are responsible for preserving our pension system.

It is generally accepted that the current generation of pension solutions no longer meets the wishes and demands of our time. We observe a growing need for different solutions. Achmea is happy to take the lead in making pensions future-proof, in order to ensure a comfortable retirement for everyone. This is what we aim to achieve in setting up the Centraal Beheer General Pension Fund (APF). Here we are combining the forces of pension funds, employers and employees.

Contributing to a healthy society

As a health insurer, we take responsibility for a healthy society, for instance not just by supporting our policyholders in financing and arranging healthcare, but also in boosting their own health and vitality. We find it important that people remain healthy as long as possible. This is why Zilveren Kruis assists and supports its customers in maintaining a healthy lifestyle. In doing so, we invest in the quality of life of our policyholders, while at the same time keeping healthcare affordable and accessible to all.

ESTABLISHMENT OF CENTRAAL BEHEER GENERAL PENSION FUND (APF)

End of 2015, the Centraal Beheer General Pension Fund (APF) was set up. The licensing project is currently ongoing. The Centraal Beheer APF aims to manage the combined capital sensibly and cleverly by implementing innovations. Such as investing after the retirement date, combining contribution and payment agreements and offering a single overall online summary. The Centraal Beheer APF will be a transparent, digital and cooperative pension fund. We will provide transparency by giving full insight into operating costs, asset management and governance. New digitisation techniques offer both employers and employees online access 24 hours a day. With the aid of a personalised environment, app and digital safe, anyone can easily manage their own pension. This allows the Centraal Beheer APF to bring pensions closer to participants. The cooperative nature is reflected in sharing risks and return within the rings. The Centraal Beheer General Pension Fund welcomes pension funds, employers and employees. Read more on www.centraalbeheerapf.nl.

ZILVEREN KRUIS HELPS EMPLOYERS AND EMPLOYEES TO LEAD A HEALTHY LIFESTYLE

Over two-thirds of Zilveren Kruis's 3.5 million customers are insured via their employers. Zilveren Kruis works together with its business customers on leading 'a healthy business lifestyle'. This encourages employees to pursue a healthier lifestyle themselves. It is not only valuable to employees if they feel healthy and vital, it also increases productivity and reduces healthcare costs.

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Increasing security by creating insight into risks

Through the large amount of data we have on damage suffered by our customers, we know a great deal about the risks they face, for instance in relation to health, driving, loss or damage to companies and homes, burglary and theft. This insight allows us to help customers in dealing with or preventing these risks. For example, our data on loss or damage caused by flooding can help provide insight into the correct measures for preventing flooding to a certain extent. Achmea, for instance, works together with Waternet, Amsterdam's water management company. It is precisely the combination of datasets that provides the insight we both lacked and enables us to pinpoint those areas of Amsterdam in which inhabitants are most affected by flooding after heavy rainfall.

TAKING RESPONSIBILITY IN THE CLIMATE DEBATE

Extreme weather conditions are increasing. Through our home insurance policy, we expect a rise in the number of customer claims caused by the changing climate. Based on the Royal Netherlands Meteorological Institute's (KNMI) climate scenarios up to 2050, damage caused by each torrential downpour in the context of home insurance is expected to increase by 6% to 22%.

In order to take responsibility ourselves, Achmea has been compensating for its CO_2 emissions each year since 2011. In 2015, we also implemented the first adjustments to our investment policy: Achmea has decided to increase investing in Green bonds, and a carbon footprint assessment was made of Achmea's equity portfolio at the expense and risk of the company. This assessment was followed by a re-allocation from carbon-rich equities to carbon-poor equities and immediately resulted in a carbon footprint reduction of Achmea's equity portfolio of about 10%.

SMARTER DRIVING BY SHARING DATA?

FBTO customers were asked the following question: imagine you could sign up for a trial. FBTO would then use this trial to collect information on its policyholders' driving behaviour. This enables us to witness the risks of the road, such as dangerous junctions, tight car parks or roundabouts with poor visibility. We would then tell you about these. Information on driving behaviour enables us to help each other in preventing damage. This reduces your risk of damage, increases your safety and saves you a lot of hassle.
This in turn reduces the cost of compensation and allows us to cut premiums. You can read the answers on Onderling.nl zijn de reacties te lezen.

This insight allows both Waternet and Achmea to work on effective measures to prevent or reduce flooding where possible. This means that Amsterdam's inhabitants – and therefore also our customers – will suffer less loss or damage in future. Due to the changing climate, this type of public-private initiative can become increasingly useful to provide authorities and insurers with insight into the effects and taking the right measures.

We are also trying to raise awareness among our private customers of the risks they face. Some customers may be able to bear the risks themselves. We recommend to insure only the things that really matter. In order to help our customers in this process, we make clear how to deal with various types of risk, for example by using the RisicoInKaart offered by Interpolis. This geographic map of the Netherlands shows risks such as burglaries and theft of cars and mopeds per postcode. In addition, the map also provides practical information and insights on various risks.

The Interpolis and Rabobank RisiGo tool provides our business customers with an understanding of their own risks, so they can decide what risks they wish to insure and what risks should be managed differently, for example by saving or borrowing money

Assessing added value

Insuring is an important activity for society, but the exact added value for society of our product portfolio is difficult to assess. We are exploring opportunities for measuring this added value, but have not yet found a reliable methodology to date. Until that time, we will measure our added value to society through independent surveys conducted by the government, non-governmental organisations and scientific institutions in respect of transparancy and investment. For example, the Transparency Benchmark, conducted by the Ministry of Economic Affairs, is a benchmark to assess the quality of corporate social reporting among Dutch enterprises. In 2015 we scored a higher number of points, but as the other frontrunners did the same we ended up in 22nd place. Our goal for 2016 is to reclaim our place in the top 20. The benchmark of the Dutch Association of Investors for Sustainable Development (VBDO) evaluates our investment performance, and Achmea managed to keep its fourth place in this benchmark. Also in 2016 we strive to obtain a top 5 place in 2016. The Fair Insurance Guide (Eerlijke Verzekeringswijzer) also assesses investment policies. Achmea aims to score at least a 7 in the practical surveys relating to the themes of human rights, labour rights, climate change, health and the environment. No practical surveys were conducted on these themes in 2015. Achmea has reached for 2015 a 21st place on the annual reputation benchmark of the Reputation Institute in the Netherlands (18th in 2014). As this benchmark is an important measure of our sustainablility achievements we consider a high position on this benchmark as important. Achmea aspires to be among the top 20 again in 2016.

WE FACILITATE MUTUAL SOLIDARITY AS DEMANDED BY OUR CUSTOMERS

As insurer we do not limit ourselves to insurance alone, we also find it important to invest in society. We make our choices based on solidarity. This is because we believe there is strength in acting together. We therefore identify, promote and support (new) forms of solidarity.

New forms of solidarity

Society creates new forms of solidarity. People, companies and governments find each other to create new alliances. We want to support these types of initiatives with a significant social impact. As an insurer, we are aware that trends such as the emerging sharing economy provide opportunities, along with new uncertainties, risk issues, and needs. We respond to this by thinking of ways to support our customers more effectively in dealing with these trends. The sharing economy is growing rapidly. More than 500,000 Dutch households already being part of this economy in some way. A number which is only expected to increase. As an avid supporter of the sharing economy, Centraal Beheer is doing its share to increase safety of sharing and familiarise people with the concept of sharing goods and services. Therefore Centraal Beheer is the insurance company of the car-sharing platforms SnappCar and MyWheels. We even developed a special type of insurance, Peerby, for people who regularly share goods with others. Since the end of 2015, we have also begun making it easier for people to share their homes. Besides sharing commodities together, the sharing economy is also about sharing life and caring for each other. Zilveren Kruis, for example, is supporting groups such as Unie KBO, home care workers and pensioners in shared activities to enable people to continue living at home longer in good health.

INSURING YOUR SHARED HOME

Centraal Beheer has embraced the sharing economy. It aims to contribute to this with its products, solutions, knowledge and expertise. This is how we make sharing as secure and trustworthy as possible. Private accommodation rental is growing in popularity, and we think this is only the beginning of this trend. A total of 20,000 homes or spaces are currently being shared through the accommodation platform Airbnb. This is often for short periods only, for example to tourists, because homeowners would like to make a bit of extra cash, enjoy meeting other people, or because it feels safe to know someone is living in their home while they are away. Centraal Beheer is accommodating this growing trend, with home rental having been added to the home insurance policy in September 2015. For more information, please visit www.centraalbeheer.nl.

Cooperative micro-insurance

In the Netherlands, we consider it normal for people to be insured against all kinds of setbacks, but the situation in developing countries is altogether different. Achmea is involved in micro-insurance to increase the economic and physical resilience of the poorest populations. Achmea employees actively contribute to this objective by sharing their knowledge about financial security on a voluntary basis. Read more about the various micro-insurance projects at www.achmea.nl.

Achmea is currently investigating whether it can contribute to further developing cooperative structures in East Africa and Asia. It has partnered with the Rabobank Foundation to jointly develop an integrated approach to saving, loans and insurance. Partnerships with organisations, including Wageningen University & Research Centre and the development organisations such as PharmAccess and HealthNet TPO, are helping to improve healthcare and food production. These are contributing to more stable growth and the development of local economies.

Volunteer work and community involvement

A large number of Achmea employees are volunteers in a wide variety of social activities. As a socially responsible company, Achmea encourages these volunteer activities in a number of ways, including by doubling the number of days spent in leisure time for employees, up to a maximum of four additional days off. Furthermore the Achmea Foundation makes an annual amount of €100,000 available in order to financially support 20 volunteer organisations to which employees contribute directly. In addition, we actively contribute to supporting and organising social projects. Read more on how we invest in society at www.achmea.nl.

Investments in society

The Achmea Foundation and Stichting Achmea Slachtoffer en Samenleving are dedicated to empowering vulnerable populations. Zilveren Kruis and the Health Insurance Fund are working together on the Global Health Membership in order to facilitate access to medical care for low-income groups in Africa. In addition, three foundations that are co-funded by Achmea – Stichting Gezondheidszorg Spaarneland, Stichting Theia and Stichting Achmea Gezondheidszorg – are committed to improving the efficiency of healthcare across the Netherlands and in areas in which we have traditionally played an important role. More information on these three foundations is available at www.achmea.nl.

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Our employees

The changes around us require our employees to change too. This means: To be ready – through customer focus, by developing their expertise and improving on an ongoing basis – to contribute to our goal of becoming the most trusted insurer. Unfortunately, our change programme involves the reduction of a large number of jobs. We believe sustainable employability is of strategic importance in this process. It is each employee's responsibility to look ahead and be prepared for changes in knowledge, skills and capacity.

KPI	2015 TARGET	2015 STATUS	2016 TARGET
Employee Engagement*	> 71%	75%	-

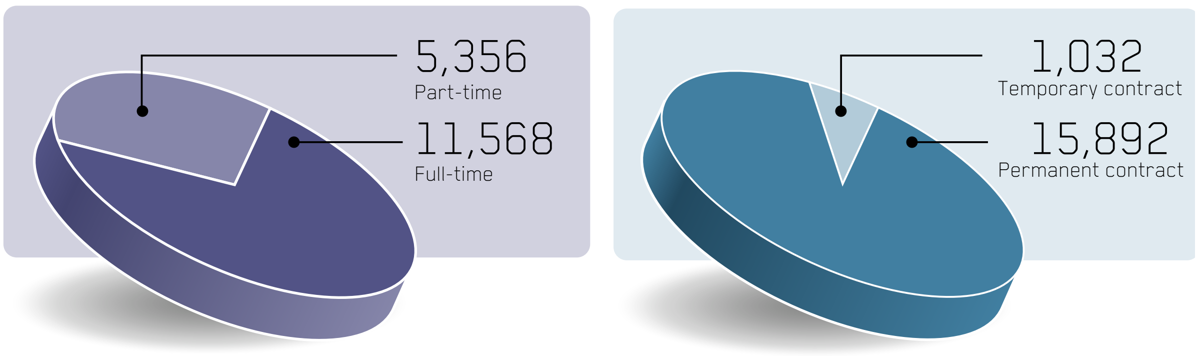
** This information relates to Achmea's Dutch operations, not including 'third-party' companies*

Compared to last year, there are less employee engagement KPI's in the above overview. The results of the employee engagement survey are addressed on the following pages and in Appendix D.

"Technology always provides opportunities if you are good at it. Achmea is currently working hard on this."

Florian Faas is Vice Chairman of Achmea's Central Works Council

Number of employees as at 31 December 2015, broken down by contract type



Further information on our employees can be found on these pages and in appendix D. The 2015 Remuneration Report, which contains detailed information about Achmea's remuneration policy, will be also published on www.achmea.nl.

OUR EMPLOYEES EXCEL IN CUSTOMER ORIENTATION, PROFESSIONALISM AND CONTINUOUS IMPROVEMENT

We work on customer focus, customer centricity and on improving our employees' expertise and personal skills, so as to allow us to better assist our customers. Customer centricity is a key part of all our training programmes. Examples include courses for employees that cover the Financial Supervision Act (Wft) and communicating clearly with customers.

Achmea invests in improving the expertise of its employees through training courses, which are offered both in-house and by external providers. In 2015, a total of 2.95% of the Dutch wage bill was spent on external training courses (versus 2.8% in 2014). As part of our plan for sustainable employability, Achmea's development policy for employees is aimed at job-oriented training. It is also aimed at facilitating the personal development of employees and at achieving and retaining a strong position in the internal and external job markets.

Achmea offers its employees a variety of opportunities for development within the company. For instance, a Management Development programme is in place to prepare future managers for managerial roles. We also help our specialists to further develop their skills through Specialist Development programmes, in which they collaborate on challenging issues facing the company on a multidisciplinary basis. A range of training courses, workshops, meetings and seminars serves to expand and augment the expertise of Achmea employees and provide them with opportunities for personal development.

We are committed to ensuring ongoing improvement in all our endeavours. The procedures we have implemented to achieve this are based on the Lean principles, a management philosophy which prioritises customer value. We have a name for this process: SENS, which is a Dutch acronym that translates as "Effectively Achieving Success Together". Part of this procedure is for employees to provide input for improvement, in an environment in which everyone is invited to contribute new ideas. The objective of the SENS procedures is to avoid waste in our operating processes, our actions and our way of thinking. For instance, we are working on building a more customer-driven organisation, improving our customer services and we hope to remain a solid financial company in future.

MANAGERS STEER ON INTERPRETATION AND IMPLEMENTATION OF THE STRATEGY

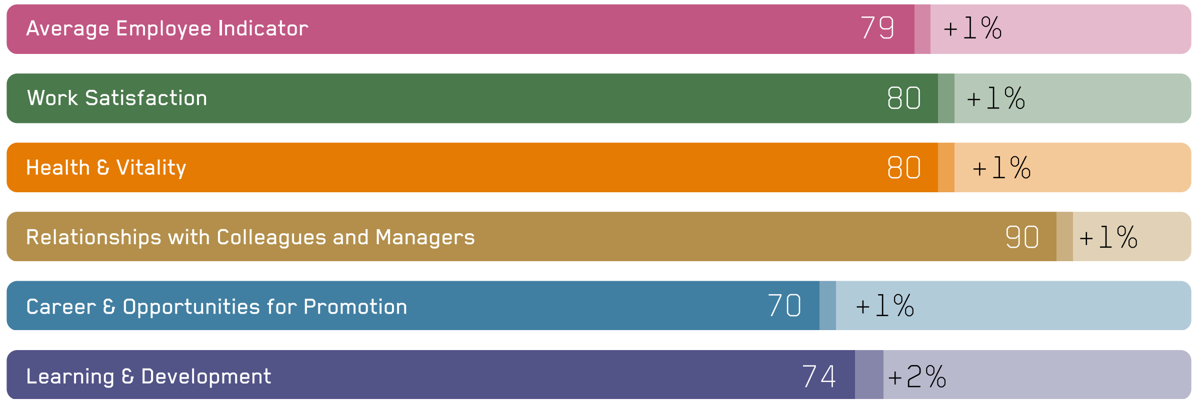
Achmea would like to be aware of what is on the minds of its employees. Therefore Achmea conducts an Employee Engagement Survey (MBO) in the Netherlands in September of each year. Based on the survey results, a number of key objectives are set, which managers and their teams then set out to achieve. At 89%, the response rate was again high in 2015 (+3% versus 2014). Therefore the survey provides a reliable picture. The MBO enables us to assess whether we are on the right track towards becoming the most trusted insurer. Almost all the results increased in 2015. The most notable score was for 'Achmea is well on its way to becoming the most trusted insurer'. This was up by 10 percentage points after having declined over the previous three years.

The outcome of the 2015 survey is a positive result. The company is undergoing many changes. This includes some job losses and uncertainty about the content and future of employees' work. We also demand a great deal of our employees' ability to adapt. Despite these changes, our scores for 'customer centricity' remained unchanged, on 'leadership' we saw a rise of 3 percentage points to 85% and 1 percentage point to 81% for 'ethical awareness'. We also saw a slight rise on 'realisation'. 'Achmea as a good employer' was awarded a score of 81%. This is 2 percentage points up on 2014.

Achmea also aims specifically to 'add value' to its employees. This of course impacts the quality of the services our customers receive. To this end we developed the 'Employee Indicator' in conjunction with Utrecht University. This indicator is also measured via the Employee Engagement Survey and provides insight into aspects that are in the direct interest of employees. The average score of this indicator is 79%, up 1 percentage points from 2014. More figures are given in appendix D.

Our managers are vital in helping to achieve our strategy. As the first point of contact for our people, their responsibility is to present the strategy to employees in such a way that it becomes tangible and relevant to their jobs. Achmea is committed to supporting its managers. New managers participate in a special onboarding programme in which they are instructed on aspects such as the Achmea leadership model and Achmea's perspectives on employment. Another important issue we discuss is sustainable employability and how this can be promoted among employees. Regular meetings and training courses are held for all managers to provide them with information on important topics. Managers are invited periodically to attend meetings with the Executive Board in order to discuss the company's strategy and identity.

Employee indicator (in % and the difference relative to 2014)*



** This information relates to Achmea's Dutch operations, excluding third-party companies.*

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EMPLOYABILITY IS EVERYONE'S RESPONSIBILITY

The professional and personal growth and development of employees is a priority in Achmea's employment practices. As such, the company encourages and facilitates employees in their development process, as a result of which they are and remain adaptable and valuable. Achmea also identifies company jobs that may become obsolete in future. Employees in these jobs are given preventive assistance in their personal development. This reinforces their position on the job market and contributes to the sustainable employability of employees.

Also in 2015, the reorganisation had an impact on some of our colleagues. Achmea strives to protect the interests of these employees as much as possible. The Achmea Transfer Centre (ATC) supports redundant employees in finding alternative, suitable employment within or outside the company. Employees may be made redundant following a reorganisation or relocation of operations. Achmea is endeavouring to increase the probability of placement by decreasing the headcount of external employees and not renewing temporary contracts where possible. Candidates for reassignment take priority with respect to internal vacancies. The ATC cannot reassign all redundant employees within the company. Over the past year the focus has chiefly been on external reassignment.

A total of 711 employees used the services of the ATC in 2015. The ATC successfully reassigned 27.5% of these employees. On average, 75 of the redundant employees being assisted by the ATC were employed at Achmea on a temporary basis (versus 174 in 2014). The external placement rate for 2015 was 13% (versus 13% in 2014).

Achmea applied the new Social Plan in 2015. This plan assists employees who are made redundant as a result of a reorganisation in finding a new job. The plan focuses on employees in jobs that may become obsolete in future. Greater emphasis will be placed on preventive mobility. This is consistent with the principles of sustainable employability. Employees in jobs that may become obsolete in future can call on a number of provisions that will help them with career orientation and mobility issues.

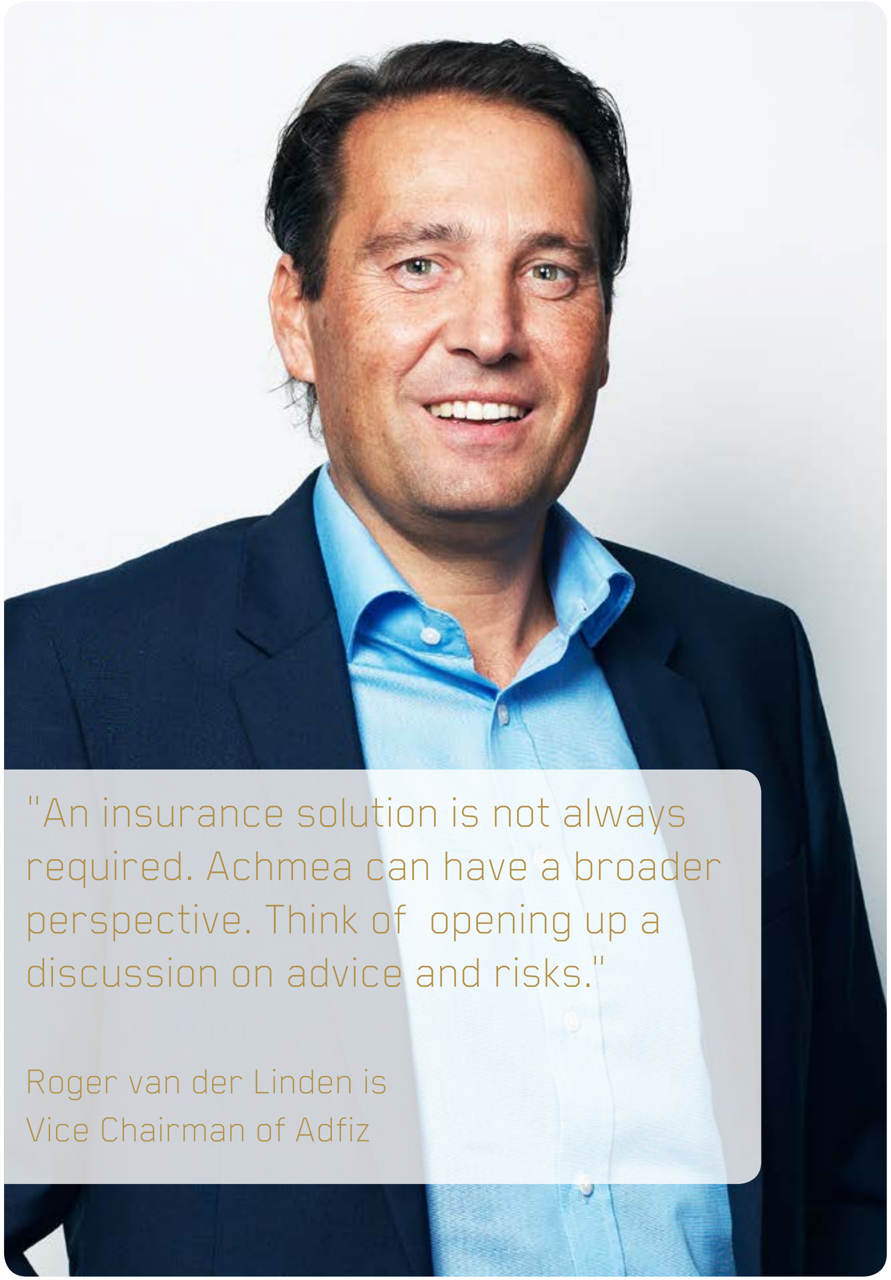
Retaining knowledge and experience with Silver Pool

The Silver Pool was established in January 2010 for redundant employees aged 57½ and older who are subject to the Social Plan. Achmea and these employees together actively look for opportunities for temporary work. This ensures that qualities and experience are retained in different areas. These employees continue to receive full pay while on temporary assignments, and if work is temporarily unavailable they can rely on the safety net and receive 75% of their salary. If temporary work becomes available or there are other job openings, they take priority over temporary workers and contractors. Through the Silver Pool, Achmea retains individuals who have knowledge and experience and saves costs associated with hiring external agency workers, consultants and other contractors. The Silver Pool included a total of 106 employees at the end of 2015.

Our partners

We sell our insurances directly to customers, but also via several distribution partners. The main ones are banks and intermediaries. Achmea has a close cooperation with Rabobank. Achmea aims to make distribution of insurances via Interpolis more successful for Rabobank, as part of the total product portfolio. We invest in an even closer commercial cooperation. For this, we use Achmea's knowledge, skills and technology to support this ambition.

KPI	2015 TARGET	2015 STATUS	2016 TARGET
Rabobank satisfaction	7.8	8.0	7.8



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WE ARE MAKING INSURANCE SUCCESSFUL FOR RABOBANK

Rabobank and Achmea have formed a close partnership. Through the Interpolis brand, Achmea is Rabobank's exclusive supplier when it comes to mitigating risks for customers.

The partnership with Rabobank has enabled Achmea to become the market leader in the private and business non-life insurance markets. Achmea also has a strong position in the individual income protection and life insurance markets. The combination of the integrated financial services provided by Rabobank and the Interpolis service provided to customers suffering damage or loss has resulted in a high level of customer satisfaction. The loyalty of Interpolis customers is among the highest in the Dutch market.

In order to continue this success in the future, Rabobank and Interpolis developed a new formula for self-service and advice. Self-service revolves around online, mobile and telephone services, making it easy for customers to manage their insurance business anywhere, anytime.

The advisory services are aimed primarily at business customers, where we opt for integrated financial services where hedging risk is always a priority, based on the RisiGo advisory proposition. We focus mainly on assessing and – through prevention – reducing risk. In addition to improving their services, Rabobank and Achmea are working on substantially reducing costs in the banking insurance chain. This is essential in order to be able to offer customers appropriately priced products. This cost-cutting is also required in order for Rabobank to consistently generate healthy profits from its insurance sales. As part of these efforts, it organises the supply chain as clearly and effectively as possible.

The basis of this concept is that Rabobank focuses on advisory services and sales, with Interpolis/Achmea being responsible for the insurance end of the business.

The propositions for Rabobank's private and business customers will also be revised over the next few years. This has already been done for small business customers under the name Zeker van je Zaak ('Business Security') at Interpolis. A total of 1.3 million consumers will be transferred to the new Alles in één Polis (All-in-One Policy) in April 2016. The housing product of the All-in-One Policy was renewed in 2015, with nearly one million policies having been successfully converted. The new "Zeker in Bedrijf" proposition is now set to be launched for Rabobank's SME customers in 2016.

All propositions for Rabobank focus on risk advice, prevention and clear and comprehensible insurance solutions.

WE ARE SUCCESSFUL AT ESTABLISHING SELECTED PARTNERSHIPS IN DISTRIBUTION

Many Achmea insurance policies are sold via different brands through intermediaries. These include advisors, execution-only websites, or a combination of the two. Achmea's main distribution partners are its collaborating intermediaries from Centraal Beheer, Zilveren Kruis and Avéro Achmea, aggregator website Independer, and partners in the sharing economy and retail organisation Hema.

Partners of Centraal Beheer, Zilveren Kruis and Avéro Achmea

Customers need to rely on the expertise, independence and quality service provided by their advisor. Therefore, Centraal Beheer, Zilveren Kruis and Avéro Achmea have partnered with a select group of independent, entrepreneurial advisors. Together, we are developing innovative solutions with these advisors. The objective is to provide valuable advice to our customers so they receive the type of insurance that it best for them.

We support these advisors in a variety of ways, for example by helping them to assess their own level of professionalism and developing this further, as well as by making sure this professionalism is visible to others. This ensures that they can provide their customers with valuable advice today and in the medium and long term and ensures they recognise the value of this advice and are willing to pay a reasonable fee in return.

In 2015 Avéro Achmea commissioned Erasmus University Rotterdam and Twente University to conduct a study into the social and personal development of the professionalism of financial advisors. A self-assessment for financial advisors, De Vakspiegel, was developed based on the results of this study. The test gives advisors insights into their own level of professionalism and the opportunity to benchmark themselves with the market.

The Voorzie website provides support in specific areas to those advisors looking to further improve their level of professionalism.

Three main topics will mark the agenda in the near future. The role of financial advisor is increasingly about providing advice and risk management. The impact of technological advances on the intermediary market and the involvement of the internal organisation call for a different type of approach than in the past. Further information is available at www.dewaardevanadvies.nl and www.averoachmea.nl.

Independer

Achmea want deeper insights into customer needs. Therefore, Achmea entered into a strategic partnership with aggregator website Independer in 2011. Achmea would like to develop a better feel for the needs of its customers and learn from the innovative approach adopted by Independer. At the same time, Independer was looking to develop new services, such as the comparison of hospitals. In order to facilitate change in the insurance industry and give consumers more choice, Independer was also looking to work more closely with insurers. Independer works closely with Achmea, as well as with other insurers. Through the partnership, both parties expect to be able to accelerate the development of customer-focused products and services. Independer will remain an independent entity, and its position as an objective aggregator for consumers will remain guaranteed. Among other things, all insurers will continue to have equal opportunities in comparisons made by Independer. Read more at: www.independer.nl.

Hema

Retail organisation Hema is the only provider from outside the sector to have built a significant market share in financial services. Since 2011, Achmea has acted through its online brand InShared as the risk carrier of non-life insurance products offered by Hema. Customers can register themselves, as well as amend a policy or report a change of address. This enables Hema to keep costs down and offer competitively priced insurance products.

Partners in the sharing economy

Centraal Beheer believes in the sharing economy: new forms of sharing are part of a wider trend where people are returning to the roots of the economy, with increased personal contact. This involves marketing security solutions for partners in the sharing economy, such as Peerby, SnappCar and MyWheels. Our mission is to enable secure sharing for anyone.

CENTRAAL BEHEER SIGNS GREEN DEAL FOR CAR SHARING

The Green Deal for Car Sharing was signed in June by a broad alliance of 30 organisations whose shared target is to see car sharing grow into a network of 100,000 shared vehicles by 2018, thereby bringing forward the target for car sharing under the SER Energy Agreement by two years. The initiative serves to make the general public more familiar with car sharing, as well as improve opportunities and identify and address any barriers.

The Green Deal is an initiative of the Ministry of Infrastructure & the Environment and is being implemented at the organisational level by ShareNL.

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Local authorities as partners to Zilveren Kruis

As a result of the amendments to the Health Insurance Act (Zvw), the Long-Term Care Act (Wlz) and the Social Support Act (WMO; the three main healthcare-related laws in the Netherlands), local authorities have been given greater responsibility in areas related to participation and self-reliance of citizens. This has made local authorities and health insurance companies natural allies. It is only by working together that we can improve the quality of life of the elderly, in particular, while at the same time implementing the necessary cost cuts in healthcare and other forms of care.

Zilveren Kruis therefore chooses to partner with local authorities and local healthcare providers, aid workers and counsellors. Several local authorities – including the cities of Amsterdam and Utrecht – have already set a shared development agenda. The experience Zilveren Kruis gains here will be valuable in its alliances with other local authorities in the future.

International partners

Achmea is affiliated with a number of international alliances, including those for mutual and cooperative insurers. The idea is that international collaboration enables insurers to tackle challenges more easily and fulfil their social role even better.

Eurapco is an independent alliance of eight mutual insurance companies (Achmea, Caser, Covéa, Gothaer, Länsförsäkringar, LocalTapiola, Reale Group and Swiss Mobiliar). The partners operate in 18 countries, and one in every ten European citizens is insured via a Eurapco partner. With the addition as of 1 January 2016 of Italy's Reale Group insurer, Eurapco currently serves over 40 million customers. The joint gross written premiums (GWP) of the Eurapco partners are in excess of €53 billion; the combination employs around 66,000 people. Eurapco encourages business between the partners and the sharing of inspiration, knowledge, benchmarks and best practices. This is done via over 60 working groups, in which Achmea also plays a key role. This set-up allows Eurapco partners to respond efficiently and effectively to the rapid changes in society while retaining their individual identity and independence. Commercial alliances are also formed in addition to increasing and sharing knowledge: these involve reinsurance, sharing major risk and, in particular, insuring wind farms. The joint transport portfolio, including freight, art and logistics, is also shared and reciprocal agreements have been concluded to represent one another in several Eurapco domestic markets for settling vehicle insurance claims. The further promotion of mutual commercial alliances is an important priority for Eurapco and its partners. More information is available at www.eurapco.com.

Garanti Bank is a leading bank in Turkey and one of the largest Turkish financial services providers. With over 19,000 employees, it offers a broad range of financial services to 12 million customers. An exclusive partnership is in place between our Turkish subsidiary Eureko Sigorta and Garanti Bank for non-life and health insurance. Because of its partnership with Garanti Bank, Eureko Sigorta is Turkey's market leader in banking distribution. Garanti Emeklilik is the division of Garanti Bank devoted to life insurance and pensions. Achmea holds a 15% stake in Garanti Emeklilik. More information is available at www.garanti.com.tr/en and www.eurekosigorta.com.tr/en-ie.

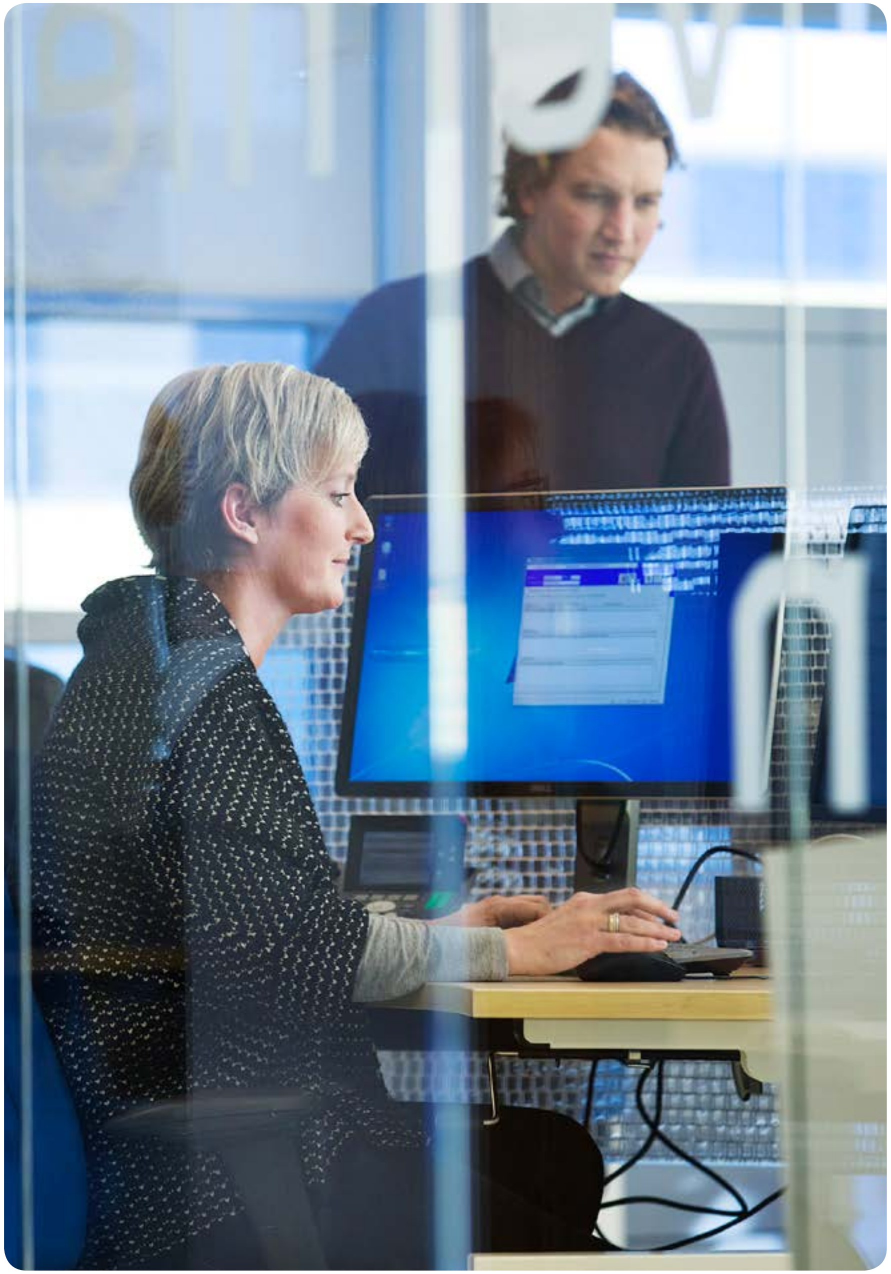
The Maxis network is the Global Employee Benefits Network of AXA in France and Metlife in the US. It operates in 111 countries and Achmea is its exclusive Dutch partner. Multinationals increasingly use international networks such as Maxis to pool their global employee insurance policies or to house them in their own captive construction. This enables cost savings and they obtain greater insight into and control of their global risk for their employees' pension, income protection and life insurance policies. The partnership with Maxis is therefore strategic for serving the multinational market. The Netherlands is viewed by Maxis as its second 'domestic market' alongside the US as many (international) multinationals are represented in the Netherlands. More information is available at www.maxis-gbn.com.

Our processes

Process improvement is key for customer satisfaction. We aim to standardise processes, products and systems as much as possible. Standardisation leads to economies of scale. This in turn creates a competitive edge, also by using technology and information in the optimum way.

KPI	2015 TARGET	2015 STATUS	2016 TARGET
Number of Zilveren Kruis and Avéro Achmea customers that opt for digital communications	2 million	1.9 million	2.2 million
Part of Interpolis' private non-life insurance policies sold online	30%	28%	35%

Compared to last year, the KPIs of energy consumption and digitalization of Centraal Beheer are not included in the above interview. Because Centraal Beheer did not have a target for 2015, we do not refer to it in the above overview. The results and targets regarding energy consumption are addressed appendix E.



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WE USE TECHNOLOGY AND INFORMATION AS THE DIFFERENTIATING FACTORS

Increasingly more, private and business market customers wish to manage their business online. They want to manage their business directly, online and real-time and have insight into their insurances, payments, claims and declarations. They expect us to provide a personal and proactive service. We use the insights from customer interactions and transactions to improve our services.

Our digital strategy aims at providing a better service and more added value to our customers. Our digitisation programme supports the brands in achieving these digital ambitions. Digital principles and customer-centric thinking ('customer journey') are leading for an excellent and distinctive omni-channel customer service. This allows us to increase our Net Promoter Scores and decrease our operational cost. We are dealing with our digital principles later in this chapter.

The current service channels continue to exist and must seamlessly connect to provide customers the same services, processes and products via all channels. Through our internet presence, our brands respond to the opportunities brought about by digitisation. With Interpolis, Achmea was one of the first insurers to provide an online tool allowing the customer to check whether he or she is insured properly. In this way, we help customers to take responsibility themselves in keeping their insurances up-to -date. This also allows customers to make deliberate choices about what to insure and what not to insure.

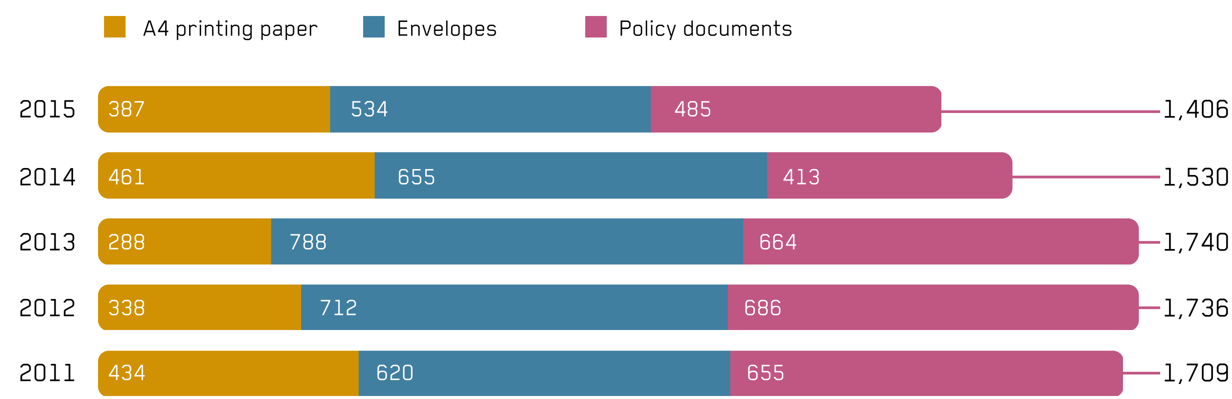
Zilveren Kruis and Avéro Achmea focused on growth and digitisation in 2015. In early 2015, 1.4 million insureds opted for communication in a digital form. By the end of 2015, this has already increased to 1.9 million. For FBTO and InShared, the rate of digitisation is already very high. Also for the other brands investments are made. The investment in digitisation will also lead to a reduction of paper consumption.

Less printing for office use also follows from a new way of working: prints do not automatically roll off the printer, but only after having presented the personnel ID badge. This simple adjustment has resulted in a decline in paper use and a cost reduction of €5 million over the five years following the introduction in 2012. Achmea only uses FSC and PEFC-certified paper.

"BLIJF IN BEDRIJF" APP FROM INTERPOLIS

Through the "Blijf in Bedrijf" app, Interpolis supports entrepreneurs in assessing and mitigating business risks. The app contains information on risk themes, advice, practical prevention tips and a virtual reality game. The game allows entrepreneurs to experience how they can recognise risks. The risk specialists from Rabobank also use this app in their services to entrepreneurs. The app can be downloaded through the App Store.

Paper use in the Netherlands (in 1,000kg)



Relative paper consumption in the Netherlands (excluding third-party companies) was approximately 107kgs in 2015 per FTE (versus 117kgs in 2014). More information on our sustainable operations, including information on energy, CO_2 and waste is available in appendix E.

Community platform Zilveren Kruis

In early 2015, the Zilveren Kruis community went live. The platform where Zilveren Kruis facilitates the dialogue between all those involved in healthcare and health, and from there improves products and services together. In 2015 more than 500,000 unique visitors visited the platform, 50% of them being repeat visitors. For Zilveren Kruis the community platform is also an extension of existing social media channels. It contributes to improving the Zilveren Kruis reputation by immediately responding to current affairs. For instance, last year the community platform was actively involved during TV broadcasts of 'Kassa', 'Radar' and 'De Monitor'.

ZILVEREN KRUIS COMMUNITY INSTRUMENTAL IN OBTAINING COMPENSATION FOR FREESTYLE LIBRE

In 2015, a Zilveren Kruis customer posted a comment on the community platform wondering why Zilveren Kruis did not cover FreeStyle Libre. FreeStyle Libre is an easy way of checking glucose levels: it uses a painless one-second scan instead of what can be painful finger pricks. This question resulted in a study in which the Isala Klinieken, the patients association and Zilveren Kruis worked together to determine the effectiveness of this aid. When the study's initial findings proved positive, Zilveren Kruis decided to compensate part of the cost of this aid from 2016 onwards.

What is remarkable is that it was the community that brought the different parties together. Zilveren Kruis subsequently conducted the study together with the community and the form of compensation was determined through co-creation. This makes Zilveren Kruis the first health insurer to act on compensation for FreeStyle Libre.

OUR OPERATIONS ARE BASED ON STANDARDS

We want to improve our service processes for our customers. We are employing two methods to achieve this: we are improving our administrative processes and the processes involved in customer contact.

Improving administrative processes

Administrative processes include amending personal details and awarding pay-outs. When improving these processes, we analyse the best method for conducting a procedure. The employees then lay this down in working instructions. In doing so, we ensure high-quality process implementation and a basis for improvement.

We ensure that processes are designed and implemented in such a way that customers experience a minimum waiting time and better services. In practice, this tends to go hand in hand with cost savings and significant improvements of our customer satisfaction scores.

Improving customer contact processes

In order to improve the level of service we provide to our customers and reduce the costs of our Customer Contact Centres, we apply the international COPC standard. The insurance claims services for Centraal Beheer, Avéro Achmea, FBTO and Interpolis were the first to apply this. The efforts we made in 2014 demonstrated where improvements might be made. Adjustments were also implemented in 2015 in order to raise customer satisfaction and cut costs. We will measure the quality of our services again at the end of 2016. The aim is to be the first Claims Call Centre in the Netherlands to obtain COPC certification.

We apply five Digital First principles

We also introduced five Digital First principles in 2015. These assist us in our digital services. Our new products, services and functionalities meet these five principles:

OPTIMISING HEALTH INSURANCE RENEWAL

Until recently, the process of renewing health insurance for existing customers was conducted in separate segments. In 2015, Achmea decided on a strategy that operates across the entire chain. The objective was to simplify and speed up the process and getting it more 'in control'. The Customer Contact, Operations, Finance & Risk and Commerce segments are involved in renewal; the process involves many transfer moments. These have been reduced in order to prevent errors. The objectives of simplification, acceleration and being visibly 'in control' have been achieved.

SELF-SERVICE NON-LIFE/CLAIMS PORTAL

Following the introduction in 2014 of the glass portal (full self-service STP route for external partner for settling glass claims), the Claims portal went live in 2015. The Claims portal gives customers the option of reporting and submitting claims for one-sided traffic accidents easily and quickly via a full self-service portal without the intervention of Achmea.

1. Customers can conduct all their business with us online. They can take out insurance policies, make adjustments, submit claims, ask questions, share experiences and terminate policies
2. Customers can see the consequences and status of their actions online and in real time.
3. Customers only receive digital, personalised and relevant communications from us.
4. In everything we do we refer our customers to the options of digital interaction.
5. Yet if customers so wish, they can still contact us by telephone or post.

Watch the Digital First film

We show our colleagues the principles of Digital First in an animated film.

CENTRAAL BEHEER'S WEBSITE IMPROVED

In the second half of 2015, four multidisciplinary Centraal Beheer teams gave Centraal Beheer's website a complete makeover. They did so using the Agile Scrum method. Customer insights formed the basis for this. The appealing design and improved self-service allow customers to find their way around the website more easily and do more themselves. Customers appreciate this. It also means we receive fewer questions by telephone. The new 'My Centraal Beheer' enables Centraal Beheer to expand and improve its customers' (digital) experience more quickly.

OUR PROCESSES CONTRIBUTE TO ACHIEVING THE HIGHEST NET PROMOTER SCORE

Achmea continuously improves her products and customer service. Achmea brands aim to provide exellent customer service and brand experience in each customer contact. The Acceleration and Innovation programme helps us in this: we are accelerating in customer centricity and cost reductions and we are innovating and digitalising our processes and services.

Customer feedback is essential to steer on good 'multi-channel' customer services and to redesigning digital customer processes.

The Achmea brands measure the quality of contact with customers, in all channels and processes. This enables us to hear directly from our customers what they like about our services and where there are opportunities for improvement. We continuously ask our customers whether they would recommend our products to others. We measure customer satisfaction via this Net Promoter Score (NPS).

On implementation of new channels for contacting our customers, such as WhatsApp and Centraal Beheer's automated Chatting to Evelien for reporting loss or damage, we immediately measure customer experiences and know how we can further improve this customer service. This enables us to compare performance across contact channels and aim for the best performance for our customers.

Wherever possible, customer feedback is passed back to the employee who had contact with the relevant customer. Employees can then correct any errors immediately in order that customers receive the correct service after all. Customer feedback also provides input for improvements in products, services, processes and communications. Following feedback it is now possible for Zilveren Kruis customers to pay their deductible for health insurance in instalments. Customers can also consult healthcare consumption for insured family members if they have been authorised to do so. At Centraal Beheer, contents insurance cover has been extended to cover damage or loss caused by tenants in the event of temporary rental to tourists via reservation sites such as Airbnb.

This allows Achmea to continue improving its services and to increase its NPS. The Achmea brands can use this NPS to continue to provide customers with an excellent service on relevant customer touch points (telephone, store, online, mobile, etc.) in the future and to keep pace with changing customer needs for 'mobile first' and online services.

NET PROMOTER SCORE

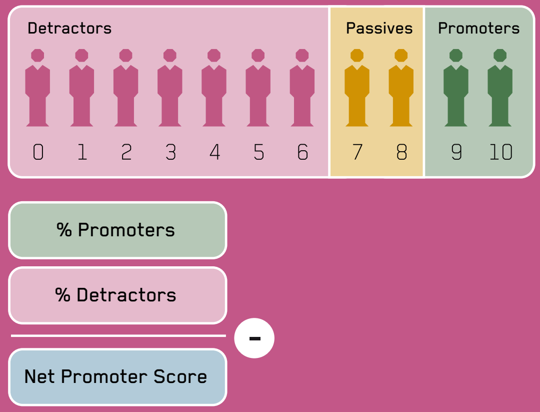
The Net Promoter Score (NPS) gauges the extent to which customers would recommend a specific brand. Customers are asked: "How likely is it that you would recommend us to your friends, family or colleagues?"

The answer is given on a scale from 0 (highly unlikely) to 10 (highly likely). Customers are divided into three categories:

- Promoters: customers who award a score of 9 or 10
- Passives: customers who award a score of 7 or 8
- Detractors: customers who award a score of 0 to 6

The NPS is calculated as the difference between the percentage of promoters and detractors and is not expressed as a percentage but as an absolute figure. If, for instance, you have 25% promoters, 55% passives and 20% detractors, then your NPS is +5.

NET PROMOTER SCORE



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Our financial results

The main activities of Achmea are insuring property and casualty, health, occupational risk, mortality risk and investing premiums paid. We want to make a sustainable return on invested capital to ensure long-term continuity and to continue to invest in solutions for our customers. A sound financial position is a prerequisite for meeting the commitments we have made to our customers – now and into the future. We aim to generate sufficient solvency for autonomous growth and for additional return.

KPI	2015 TARGET	2015 STATUS	2016 TARGET
Cost reduction* 2014-2016	€450 million*	€300 million	€450 million*
S&P rating	A+ rating for the insurance activities	A+ rating for the insurance activities	A+ rating for the insurance activities
Solvency ratio for insurance activities (IGD)	>190	210	-

** These are cumulative cost reductions 2014-2016 excluding one-time investments in innovation*

Compared to last year, the KPI of the combined ratio of the Dutch basic health insurance is not included in the above overview of KPIs. Achmea still uses a target of <100% for the combined ratio. As of the beginning of 2015 Achmea decided to steer with other KPIs.

"Vereniging Achmea represents the customer and safeguards the cooperative identity of the company."

Paul Overmars is Chairman of Vereniging Achmea

Group results

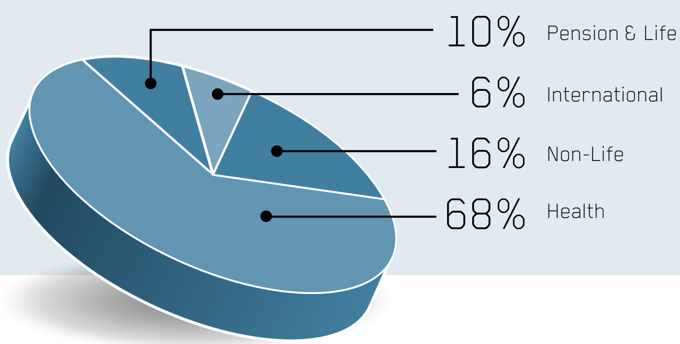
GROSS WRITTEN PREMIUMS
€19,922 million

NET PROFIT
€386 million

EQUITY
€10,280 million

SOLVENCY I (IGD)
210%

GROSS WRITTEN PREMIUM



RESULTS IN GLOBAL TERMS

The net profit increased to €386 million in the year 2015. In 2014, nonrecurring items such as reorganisation expenses, depreciation of goodwill and transaction results due to the sale of divisions resulted in a net profit of €16 million. The operational result decreased slightly to €368 million as a result of lower results within Health and higher storm damage to insured parties (2014: €388 million). The result also improved as a result of cost reductions across the full breadth of the company. The sale of structurally unprofitable business divisions also contributed positively to our result.

RESULTS (€MILLION)

	2015	2014	Δ
Gross written premiums	19,922	20,002	-0%
Net earned premiums	19,526	18,757	4%
Investment income including associates	1,911	4,820	-60%
Fee and commission income	397	431	-8%
Banking and other income	1.381	2.788	-50%
Total operational income	**23,215**	**26,796**	**-13%**
Claims and movements in insurance liabilities	19,598	22,929	-15%
Operating expenses	2,633	2,765	-5%
Other expenses	616	714	-14%
Total operational expenses	**22,847**	**26,408**	**-13%**
Operational result[1]	**368**	**388**	**-5%**
Profit before tax	378	-8	n.m.[2]
Net profit	**386**	**16**	**n.m.[2]**

1. *As of 2015, Achmea uses the operational result as a criterion for the profit or loss of a segment, rather than the profit before tax. The operational result is calculated by correcting the profit before tax for certain items. These are items within income and expenses which are significant and which arise from events or transactions which are clearly distinct from the normal business activities, and are therefore not expected to occur regularly. Examples include reorganisation expenses, exceptional depreciation losses from goodwill and pre-tax results from disinvestments, related to disinvestment operations. Comparative figures have been included accordingly.*
2. *n.m.: not meaningful*

COMPOSITION OF NET PROFIT (€MILLION)

	2015	2014
Operational result	**368**	**388**
Impairments of intangeble assests		143
Reorganisation costs		239
Transaction result	10	14
Profit before tax	**378**	**–8**
Tax	8	24
Net profit	**386**	**16**

We continue our efforts to reduce our operating expenses further. We are working ceaselessly to reduce expenses and the complexity of the organisation. At the same time, we are investing in new strategic opportunities, such as in the market for retirement provisions and further digitisation of our services. We also continue to invest in serving our customers via the banking channel, together with our partner Rabobank.

Adjusted for the nonrecurring reorganisation expenses in 2014, the operating expenses decreased by 5% to €2,633 million, partly as a result of the Acceleration & Innovation programme. Gross written premiums remained virtually stable at €19,922 million (2014: €20,002 million). This again demonstrates that many people in the Netherlands opted for insurance policies at for instance Centraal Beheer, Zilveren Kruis or Interpolis.

Our financial position remains robust, despite a reduction of the Solvency I ratio (IGD) to 210% (2014: 215%). In 2015 the required capital increased due to the fact that our group has reinsured less risk. Moreover, the available capital decreased as a result of different cost assumptions and because of effects of interest and spread movements during the year.

OPERATIONAL RESULT

The operational result for 2015 reached €368 million (2014: €388 million). Positive developments in our pension and life activities, our banking and international activities and higher investment results compensated for higher storm damage and additions to the provisions for injury loss, and lower results from healthcare.

Storms and higher provisions for injury damage had a major influence on our non-life and income protection insurance in 2015. The operational result decreased as a result of this to €34 million (2014: €103 million). The underlying result improved primarily as a result of measures in the context of our business non-life portfolio and collective occupational disability insurance. In addition, we reached a higher investment result. The result from health insurance of €287 million (2014: €442 million) showed a decrease in 2015, both for the basic insurance and the supplementary insurance. The result from the basic insurance stood at €248 million (2014: €342 million), and consists of the result from the current policy year, the result from previous years and a provision for loss-making contracts resulting from the premium rate for the subsequent year. The structural result for the policy year 2015 is limited to €26 million due to the fact that the 2015 premium rate did not cover the estimated healthcare costs, for which a provision had already been made and charged against the result over 2014. At €703 million in 2015, the nonrecurring result from previous years was €277 million higher than in 2014. In 2015 we invested €481 million from the result to limit premium rises for our customers. In 2014, we used €335 million from the result for this.

The result from the pension & life activities increased considerably to €165 million (2014: €64 million) due to improved investment results and an increased technical result. Management of the pension & life portfolio is conducted at sustainably lower costs. System migrations have been completed. We are investing in our pension activities through the Centraal Beheer General Pension Fund (APF). In line with this, we have taken the strategic decision to stop offering any more pension insurance products. By setting apart the existing pension portfolio from an organisational point of view, we are creating a 'closed-book Pensions’. In this context, we are focusing on continuing a high level of service provision at the lowest possible costs. In this respect, we also are committed to achieve synergy with the existing 'closed-book Life'. We are working in this context according to the principle: one system, one process and one location.

Our international activities are also contributing positively to our operational result. Good commercial performance in Turkey and a number of nonrecurring income items led to a doubling of the operational result to €52 million (2014: €26 million). Adjusted for the nonrecurring items, the result increased by 15% to €30 million.

The results from our banking activities of - €19 million (2014: - €28 million) improved as a result of a higher interest margin and lower costs. We expect a further improvement in results from the commercial opportunities for Achmea Bank with our proposition for retirement provisions and further cost reductions due to outsourcing.

The result on Achmea’s investments was €47 million higher than for 2014, despite the decline in direct investment income of €38 million. Higher realisations on both fixed-income securities and equities resulted in an effect of €57 million. The indirect result from real estate was up by €34 million compared to 2014. While our investment in retail and office property is, on balance, still subject to a slight downward revaluation, the value of residential property increased in 2015. The realisations from fixed-income securities were mainly due to a change in the composition of the portfolio.

We reduced our covered bond portfolio due to the low spreads; this was in favour of higher-yielding investments, such as private loans and mortgages. Over the past year our investment in direct mortgages for the insurance business has risen by €2.2 billion to €3.8 billion at year-end 2015.

OPERATING EXPENSES

At the end of 2013, we announced our Acceleration & Innovation change programme. We are innovating our services to customers and standardising and automating our processes and systems. Acceleration & Innovation also includes reducing costs by €450 million by the end of 2016. During this third year of the programme, Achmea is now entering a phase of ongoing changes. We are taking new steps to further increase the operational effectiveness of the organisation. We are also investing in order to be able to respond to market opportunities.

Operating expenses decreased further in 2015 by 11% to €2,633 million (2014: 2,975 million). If the reduction is adjusted for the nonrecurring reorganisation and other costs in 2014, the operating expenses decreased by 5%.

The operating expenses decreased as a result of the reduction in personnel costs (due to the reduction in the number of internal jobs) and lower IT costs (as a result of simplified IT systems). We also spent less on housing.

The number of jobs further declined in 2015. The number of internal jobs for domestic and foreign activities decreased by 7% to 15,412. The number of internal employees in the Netherlands decreased in 2015 to 12,893, or by 9%. The reduction in the Netherlands, including external employees, is 8%. The reduction to the number of employees in the Netherlands is a result of the Acceleration & Innovation programme. Achmea is helping redundant employees in finding alternative employment within or outside the company. This takes place through Achmea's Transfer Centre (ATC), Achmea's mobility centre. At year-end 2015, the ATC was supporting approximately 300 employees (FTE) whose jobs have been withdrawn.

The number of internal FTE outside the Netherlands grew by 73 to 2,519, primarily at Eureko Sigorta in Turkey, in order to support growth.

TAXES

In 2015, Achmea recorded a tax income of €8 million. The low tax charge is due to the result from Health (which is exempt from corporation tax) and the participation exemption due to the sale of investment participations.

Non-Life Netherlands

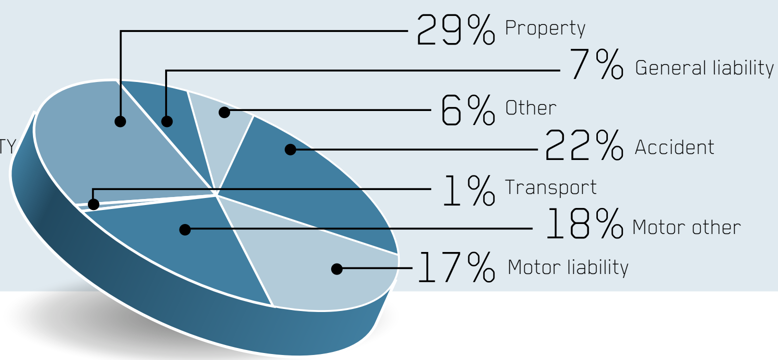
GROSS WRITTEN PREMIUMS
€3,128 million

OPERATIONAL RESULT
€34 million

COMBINED RATIO PROPERTY & CASUALTY
103.3%

COMBINED RATIO INCOME PROTECTION
94.9%

GROSS WRITTEN PREMIUM



RESULTS (€ MILLION)

	2015	2014	Δ
Gross written premiums	3,128	3,163	−1%
Net earned premiums	3,093	3,089	0%
Investment income	214	184	16%
Other income	25	28	−11%
Total operational income	**3,332**	**3,301**	**1%**
Claims and movements in insurance liabilities	2,348	2,247	4%
Operating expenses	904	936	−3%
Other expenses	46	15	207%
Total operational expenses	**3,298**	**3,198**	**3%**
Operational result	**34**	**103**	**−67%**

GENERAL INFORMATION

Achmea is market leader in non-life insurance in the Netherlands and leading in income protection products. Customers are taking out our non-life and income protection insurances directly via Centraal Beheer and FBTO, from Interpolis via Rabobank and from Avéro via intermediaries. Particularly in the highly-competitive market for non-life insurances, our customers' wishes are changing rapidly. We are actively responding to this by developing new technologies and applications. Operationally we digitalise our processes and systems in order to work more efficiently. We are permanently lowering our costs and translating these into competitive premiums for our customers.

RESULTS

The 2015 operational result for the Non-life Netherlands segment was substantially affected by exceptional weather conditions (storms) and by a one-off negative development in personal injuries. When adjusted for these effects, the operational result increased to about €150 million (2014: €103 million). The share of severe storms within this effect is €70 million. The higher result was mainly due to cost reduction and higher investment returns (€30 million) due to realisations brought about by changes to the fixed-income portfolio. Gross written premiums fell to €3,128 million over 2015 due to multi-year contracts signed in 2014 and a stricter price and acceptance policy in 2015 (2014: €3,163 million). We terminated loss-making contracts. The combined ratio of Non-Life increased in 2015 to 104.6% (2014: 102.5%) mainly as a result of incidental effects within our Property & Casualty (P&C) activities.

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SEGMENTS

Property & Casualty

The 2015 financial year was characterised by severe weather (storms) claims and a one-off negative effect from personal injuries. Over 2015 the result from P&C was €13 million (2014: €63 million). In underlying terms, the result within the P&C business improved due to an increase in the return on the business market portfolio and cost reduction as a result of the Acceleration & Innovation programme.

The higher cost of claims due to storms and the increase in personal injury claims, combined with the effect of the lower premium volume, caused an increase in the combined ratio to 103.3% (2014: 99.7%). The claims ratio rose to 74.2% (2014: 69.7%). The expense ratio improved slightly by 0.9 percentage points to 29.1% (2014: 30.0%). When adjusted for one-off effects caused by the severe storms and the one-off higher cost of personal injuries (effect: 4.7 percentage points), the combined ratio decreased by 1.0 percentage point to 98.7% (2014: 99.7%).

Income protection

In 2015, the operational result from our income protection insurance was €20 million (2014: €40 million). The result is down due to a higher average occupational disability percentage over 2015. Our result was also adversely affected by higher settlements on profit-sharing on group contracts. However, we have a higher run off from provisions compared to previous years.

Despite the decline in the operational result, the combined ratio over 2015 fell to 94.9% (2014: 99.2%) due to lower operating expenses and a lower cost of claims. The combined ratio improved, while the operational result is lower. The result is partly affected by higher profit-sharing compared to 2014 due to sound claim results from previous years that form no part of the calculation of the combined ratio.

We have adjusted our combined ratio and claims ratio for the unwinding of discount of the insurance-related provision, as this needs to be earned from the investment returns. This correction means that the combined ratio gives a more reliable picture of the composite growth of the cash value of future payments, costs and earned premiums. The results can therefore be better related to the same ratio used to assess the P&C business. Without this correction, the combined ratio would be 15.0 percentage points higher (2014: 14.9 percentage points). At 25.7% the cost ratio has improved greatly against 2014 (28.8%) due to the implemented cost savings.

Health Netherlands

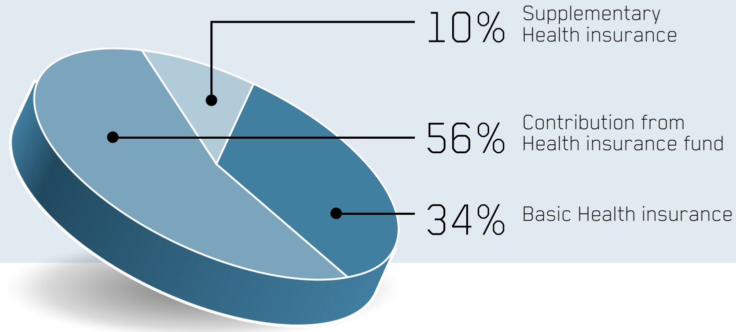
GROSS WRITTEN PREMIUMS
€13,517 million

OPERATIONAL RESULT
€287 million

COMBINED RATIO BASIC HEALTH INSURANCE
98.7%

COMBINED RATIO SUPPLEMENTARY HEALTH INSURANCE
96.4%

GROSS WRITTEN PREMIUM



RESULTS (€ MILLION)

	2015	2014	Δ
Gross written premiums[1]	13,517	13,257	2%
Net earned premiums	13,468	12,925	4%
Investment income	65	85	–24%
Other income	127	140	–9%
Total operational income	**13,660**	**13,150**	**4%**
Claims and movements in insurance liabilities	12,773	12,125	5%
Operating expenses	592	634	–7%
Other expenses	8	–51	n.m.[2]
Total operational expenses	**13,373**	**12,708**	**5%**
Operational result	**287**	**442**	**–35%**

1. Including fee income

2. n.m.: not meaningful

GENERAL INFORMATION

Together, Zilveren Kruis, Interpolis, FBTO, Avéro, Pro Life, OZF and De Friesland insure over 5.2 million people in the Netherlands for their healthcare costs. Our market share remained approximately the same at about 30%. Additionally, we offer healthcare services, including the Eurocross emergency services for global medical aid.

RESULTS

The result from our basic health insurance for the policy year 2015 was €26 million (2014: €243 million). The premium rate for 2015 did not completely cover the healthcare costs, for which a provision had already been charged against the result over 2014. Over 2015 we allocated €481 million from the result to limit premium rises for our customers for 2016. This was done in spite of the increase in healthcare costs and the transfer of a portion of the healthcare costs from the Act on Extraordinary Healthcare Costs (AWBZ) to basic health insurance. Over 2014 €335 million was allocated from the result to limit increases in healthcare costs. In this way, our policyholders benefit from the positive result.

The allocation of part of our result also contributed to us maintaining our leading market position as a health insurer. A large market share is important to being able to maintain cost efficiency and procure high-quality healthcare for our policyholders.

On balance the result from previous years and loss provision (non-recurring result) for basic health insurance was €222 million in 2015 (2014: €99 million). This amount has been added to our reserves.

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Over the years we have paid out 95% of the premiums received to compensate our customers for their healthcare costs. We spend about 3% on costs for customer services, IT and buildings; about 2% is added to our reserves. Maintaining sound reserves is in the interest of our customers. However, in the health insurance market there is growing pressure on achieving a sustainable return. The reserves required are expected to increase in the near future. This is partly due to the transfer of part of the healthcare costs from the Act on Extraordinary Healthcare Costs, the rise in healthcare costs and the shift of risk to health insurers. Adding to our reserve is also required to maintain our solvency ratio following the implementation of Solvency II. By maintaining adequate reserve levels, we can absorb the abovementioned uncertainties and limit sharp premium rises in the future.

The result from our supplementary health insurance declined to €39 million, including a €5 million positive contribution from released provisions from previous years (2014: €99 million), mainly due to a lower release of provisions, combined with a lower number of policyholders who also make more selective use of their cover.

Operating expenses decreased by €42 million in 2015 compared to 2014 as a result of initiatives related to the Acceleration & Innovation programme. The sale and closure of the Achmea Health Centers in the second half of 2014 also contributed to the lower operating expenses.

Gross written premiums of health activities (excluding non-life) rose in 2015 by 2% to €13,489 million (2014: €13,240 million). The increase is the result of the transfer of part of the healthcare costs from the Act on Extraordinary Healthcare Costs to basic health insurance. We have made a strategic choice to focus specifically on policyholder groups for which we can add real value to our customers. For this reason, we terminated our relations in 2015 with what are known as occasional groups. In spite of the increase in the total premium volume, the total number of policyholders decreased. On balance, the health campaign for 2016 resulted in a decrease in the number of policyholders by about 100,000.

The combined ratio on basic health insurance remained stable at 98.7%. The higher allocation from earnings to limit increases in the premium for the subsequent year is compensated by a lower expense ratio. The claims ratio was up slightly in 2015 to 95.5% (2014: 95.1%) due to higher healthcare costs. The cost ratio fell to 3.2% (2014: 3.6%), mainly as a result of the implementation of the initiatives introduced as part of the Acceleration & Innovation programme.

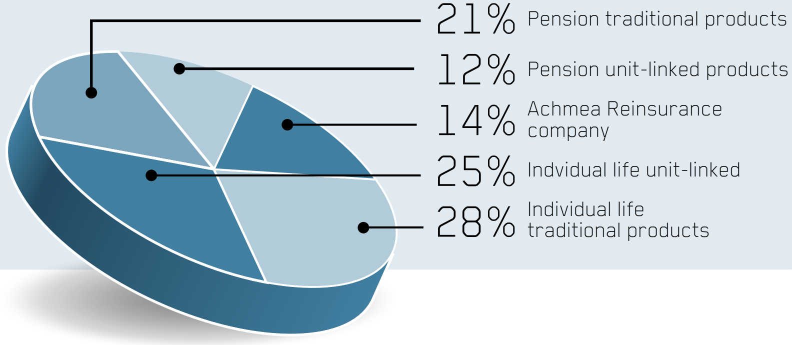
The combined ratio on supplementary health insurance increased to 96.4% (2014: 93.0%). The claims ratio increased by 5.1 percentage points to 87.3%. In 2014, a higher amount of provisions was released due to lower healthcare costs. Adjusted for this effect from 2014, the increase was 1.8 percentage points. The cost ratio fell by 1.7% to 9.1% in 2015 as a result of a reduction in operating expenses.

Pension & Life Netherlands

GROSS WRITTEN PREMIUMS
€2,160 million

OPERATIONAL RESULT
€165 million

GROSS WRITTEN PREMIUM



RESULTATEN (€MILLION)

	2015	2014	Δ
Gross written premiums	2,160	2,485	–13%
Net earned premiums	2,065	1,789	15%
Investment income	1,627	4,325	– 62%
Other income	594	1,832	– 68%
Total operational income	**4,286**	**7,946**	**– 46%**
Claims and movements in insurance liabilities	3,630	7,428	– 51%
Operating expenses	426	378	13%
Other expenses	65	76	–14%
Total operational expenses	**4,121**	**7,882**	**– 48%**
Operational result	**165**	**64**	**158%**

GENERAL INFORMATION

Achmea will group together all its services related to the proposition for retirement provisions in 2016. The objective is to provide a total solution for capital accrual in preparation for retirement. In addition to the organisation, processes and propositions, also the portal where employers and employees can consult their pension schemes has been designed in 2015.

In 2015, we continued to work on setting up a Centraal Beheer General Pension Fund (APF). The licence application was submitted to De Nederlandsche Bank in early 2016. Once the licence has been granted, Centraal Beheer will start the active sale of the pension solutions within a general pension fund (APF). Centraal Beheer APF is an independent foundation that harnesses Centraal Beheer's distribution power. On receipt of the APF licence, the pension insurance portfolio will become a closed-book.

Using our long experience of collective schemes and the existing closed-book for the Life business, we aim to work efficiently while maintaining a high level of customer satisfaction. The continued focus on a less complex organisation with a simple system landscape provides a very solid basis for a closed-book. Our management of the Pension & Life activities will place even greater emphasis on cost control, restricting portfolio decay and the creation of free cash-flows. We will continue to sell our mortality risk products as part of the Overall Retirement Proposition. (ODV)

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In 2015, we virtually achieved our target of simplifying the systems within the Pension & Life business. As a result, our defined contribution scheme and defined benefit products now have a one process, one system and one location.

RESULTS

The results before tax from our Pension & Life segment in the Netherlands increased to €165 million in 2015 (2014: €64 million). This rise is due to a higher technical result, a higher result on interest and an improved cost result. The increase in the technical result is partly due to a higher mortality rate than expected. We assume that this is a one-off effect. In addition, the technical result is higher due to a one-off negative result on a run-off occupational disability insurance contract at our reinsurer in 2014. The increase in the investment result is due to the further recovery on the real estate market and positive results on the sale of equities. As a result, our equity portfolio remains in line with our risk appetite.

The change in value of our fixed-income securities and interest-rate derivatives, caused by fluctuations in the market interest rate, is not directly visible in the results. All investment results on fixed-income securities and interest-rate derivatives for own risk are set aside in a Fund for Future Appropriation (FFA). The FFA is a provision to cover commitments to our customers. At year-end 2015, the FFA had a total value of €6.2 billion compared to €6.7 billion at year-end 2014. Higher market interest rates in 2015 led to the FFA declining by €0.5 billion.

When adjusted for the higher premium-related commissions caused by the revision of reinsurance contracts, operational expenses for the Pension & Life activities decreased. The adjusted operating expenses in the Pension & Life segment in the Netherlands decreased by 8% to €348 million in 2015 (2014: €378 million). The lower costs are due to the simplification of our systems and processes as part of the Acceleration & Innovation programme. We now deploy fewer employees. Commission expenses are down due to the ban on commissions. Our operating expenses have decreased in spite of investments in IT in order to simplify our system landscape and our extra efforts in aftercare activities for Unit-Linked insurance policies, which we nearly completed in 2015.

In 2015, gross written premiums fell by 13% to €2,160 million (2014: €2,485 million), due to large single-premiums in 2014 and due to lapses partly being compensated for by higher reinsurance premiums. New business (APE) decreased to €122 million (2014: €197 million), compared to last year. This is largely due to a lower number of renewals of existing contracts. In 2015, the value of new business (VNB) decreased to €2 million (2014: €8 million), while the margin on the value of new business decreased to 1.3% (2014: 3.8%).

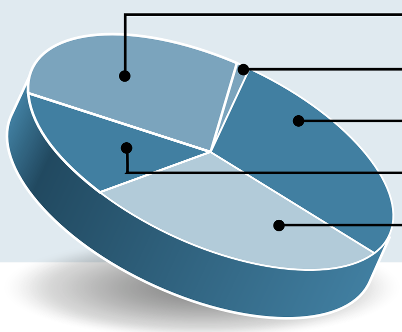
International

GROSS WRITTEN PREMIUMS
€1,123 million

OPERATIONAL RESULT
€52 million

ACTIVE FOREIGN OPERATIONS
5

GROSS WRITTEN PREMIUM



RESULTS (€ MILLION)

	2015	2014	Δ
Gross written premiums	1,123	1,109	1%
Net earned premiums	900	954	–6%
Investment income	88	305	–71%
Other income	176	264	–33%
Total operational income	**1,164**	**1,523**	**–24%**
Claims and movements in insurance liabilities	708	978	–28%
Operating expenses	263	311	–15%
Other expenses	141	208	-32%
Total operational expenses	**1,112**	**1,497**	**–26%**
Operational result	**52**	**26**	**100%**

GENERAL INFORMATION

Following the divestment of our activities in Russia and Romania, Achmea currently operates in five markets outside of the Netherlands: Turkey, Greece, Slovakia, Ireland and Australia. These are countries with structural potential for growth. In 2015 this resulted in higher results and premium growth. The year 2015 was marked by further digitisation and strengthening of customer focus for our foreign companies.

A revised international strategy was developed in 2015. The spearheads of this strategy are (i) acceleration in current markets; (ii) disruption in new mature markets, leveraging our competences in non-life and direct insurance, and (iii) growth in markets to be developed selectively, building on our knowledge of Health and the Rabobank network.

RESULTS

The operational result doubled to €52 million (2014: €26 million) due to higher profitability in all countries with the exception of Australia where we are still investing in growth. The result over 2015 was positively affected by a number of one-off items with a net effect of €22 million, partly due to the transition to a new pension scheme and an amendment to legislation in Turkey.

In 2015, gross written premiums in markets in which Achmea actively operates rose by 5% to €1,123 million (2014: €1,070 million). Including the effect of the divestment of the Russian and Romanian segments in 2014, the increase in the total gross written premiums is limited to 1%.

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Operating expenses declined by 15% to €263 million (2014: €311 million). Operating expenses in the markets in which we operate declined by 6%.

COUNTRIES

Turkey

Eureko Sigorta sells non-life and health insurance products. These are mainly distributed through Garanti Bank, our bancassurance partner. Gross written premiums were up by 20% to €331 million (2014: €276 million). Turkish lira revenue growth stood at 25% compared to 2014 and grew more quickly than the overall non-life insurance market. Due to a change in legislation on minimum wages, higher benefit payments are to be expected. Achmea had to make an one-off increase to the provision for liability insurance policies. The liability insurance portfolio almost exclusively comprises general cover for legal liability. Eureko Sigorta is focusing on further growing its premiums by expanding the strategic alliance with Garanti Bank, as well as through investment in digitisation. For our intermediary market, a new digital portal for brokers was launched in 2015. This enables Eureko Sigorta to issue policies to customers very quickly. For the third time in a row, Eureko Sigorta also won the management contract for the insurance policy covering claims resulting from earthquakes for homeowners and small business owners which is mandatory in Turkey.

Slovakia

Union is the third largest insurer (Non-Life and Health) in Slovakia and offers next to health and non-life insurance products also life insurance products. Premium income increased by 8% to €318 million (2014: €295 million), whereby all product groups displayed growth. In 2015 health insurance made a greater contribution to profitability, mainly due to more effective healthcare procurement. The non-life insurance business also saw positive claim development. Union invested further in digitisation of the company. The number of online customers was up by 12% to nearly 73,000 (2014: 65,000), partly due to the new, innovative online non-life insurance proposition called Onlia. This insurance product Onlia can be taken out online and all interactions with the customers take place in a modern and digital way. It is popular among young people and matches up well with this target group's need for flexibility.

Greece

InterAmerican is one of the largest private insurers in Greece and offers non-life, health and life insurance products. In 2015, gross written premiums fell by 7% to €312 million, versus €335 million in 2014. In the shrinking Greek market, Interamerican succeeded in increasing its market share in non-life insurance. In particular through the direct online brand Anytime, the number of car insurance policies grew to 258,000 (2014: 224,000 policies).

The current economic climate in Greece has affected the financial situation of our customers. For this reason, over the past year we have invested in customer-oriented innovation that also responds to the situation in society. The Buy-the-Mile product offers Greek citizens an affordable solution for insuring their car dependent on the car kilometres driven. This is a good alternative for customers who otherwise might have kept their cars uninsured.

Ireland

Friends First offers life and pension insurance products. In the wake of the sharp fall in sales in 2007 as a result of the challenging economic situation in Ireland, Friends First has since 2014 shown growth in new sales. Annual Premium Equivalents (APE) grew by 8%. The premium from investment contracts increased by 16% to €341 million versus €295 million in 2014. Gross written premiums fell by 5% to €156 million (2014: €163 million). Operational results improved during 2015 partly due to higher one-off effects, including the transfer of some employees in Ireland to a Defined Contribution pension scheme. In light of the improving economic situation, we see opportunities for further value creation and premium growth in Ireland. Friends First is a prestigious brand in the Irish market for occupational disability insurance policies. In 2015, it won the prize for the best insurance product in this market for the fifth consecutive year.

Australia

Achmea Australia began selling insurance products to Australian farmers at the end of 2013. The insurance policies are distributed in partnership with our strategic bancassurance partner, Rabobank. During 2015, we saw a significant increase in the number of customers to nearly 1,000 and in premium income (year-end 2015: €6 million).

In 2015, Achmea succeeded in insuring the largest greenhouse farmer in Australia against damages caused by weather events. This demonstrates the trust placed in Achmea by the local market. This is a milestone for Achmea in acquiring a solid position in the Australian market.

DISCONTINUED BUSINESS OPERATIONS

Romania

The termination of the Romanian operations is on schedule. In 2015, Eureko Romania successfully transferred its pillar III pension business to Aegon. The licence will be revoked in 2016. The company settled all remaining claims in its non-life insurance business and cancelled all insurance licences. Liquidation of the Romanian entities is scheduled for 2016.

Bulgaria

Achmea brought its business operations in Bulgaria to a definitive close in 2015. In 2013, Achmea signed a contract for the sale of its Bulgarian non-life and life insurance business. The non-life business was sold through the transfer of assets and liabilities, while the life insurance business was sold by means of a share transfer. The non-life insurance business was liquidated effective 31 December 2015. The company was removed from the trade register on 6 January 2016.

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Banking Netherlands

OPERATIONAL RESULT
-€19 million

CORE TIER-1 RATIO ACHMEA BANK
16.8%

CORE TIER-1 RATIO STAALBANKIERS
29.7%

RESULTS (€ MILLION)

	2015	2014	Δ
Net interest margin	98	132	−26%
Net commission Income	16	14	14%
Realised and unrealised gains and losses	−4	5	n.m.[1]
Total operational income	**110**	**151**	**27%**
Operating expenses	128	130	−2%
Additions to loan loss provision	1	49	−98%
Total operational expenses	**129**	**179**	**-28%**
Operational result	**-19**	**-28**	**32%**

1. n.m.: not meaningful

GENERAL INFORMATION

Achmea provides banking services to the Dutch consumer market which complement our range of insurance products. Achmea Bank offers mortgage and savings products to consumers through the brands Centraal Beheer, FBTO and Woonfonds Hypotheken. Staalbankiers focuses on private banking activities, with a focus on its core business of wealth management and investment advice.

RESULTS

The banking activities' operational loss was reduced to - €19 million (2014: -€28 million) in 2015. The improved result is mainly due to the, on balance, lower addition to credit provision and lower operating expenses compared to 2014, due to the outsourcing of back-office activities. However, the result was adversely affected by a lower fair value result and a decline in the interest margin due to the results on the sale of government bonds amounting to €37 million in 2014. When adjusted for this effect, the interest margin was up by €3 million.

On 1 July 2015, the bulk of the Staalbankiers mortgage portfolio (net book value: €1.1 billion) was transferred to Achmea Bank. This yields further specialisation and economies of scale. As a result, Staalbankiers can focus on its core activities of wealth management and investment advice.

SEGMENTS

Achmea Bank

Over 2015, Achmea Bank reported an operational result of €15 million (2014: €36 million). The 2014 result was strongly influenced by a one-off result of €37 million from the sale of government bonds. Adjusted for this effect, the operational result was up by €16 million. This increase is attributable to a increased interest margin and lower operating expenses. However, it is partly cancelled out by a lower fair value result. Operating expenses decreased by €2 million to €84 million (2014: €86 million).

The liquidity position improved further as Achmea Bank succeeded in increasing the total savings volume by €0.3 billion to €5.1 billion (year-end 2014: €4.8 billion). One major factor in this increase was the rise in long-term savings deposits of €0.2 billion. Finally, Achmea Bank improved its liquidity position through an agreement with the pensions and life insurance business in which mortgages are collateralized by Achmea Bank in exchange of government bonds held by the pensions and life insurance business.

The Common Equity Tier 1 ratio fell slightly by 0.2 percentage point to 16.8% in 2015 (year-end 2014: 17.0%). Achmea Bank maintained the long-term A rating/negative outlook (Standard & Poor's) and was upgraded to A/ negative outlook by Fitch (2014: A- /negative outlook).

Staalbankiers

The operational result was up due to the release of loan provisions. In 2014, a substantial addition to the loan provisions was required. This positive development is partly cancelled out by the lower interest rate margin, including by the transfer of the mortgage portfolio to Achmea Bank.

Due to this transfer and the termination of business payments transactions, Staalbankiers can focus on its core activities of wealth management and investment advice. In line with its change in strategy, a reorganisation is currently being carried out aimed at drastically cutting costs to a level that matches the size of the bank.

Other Activities

RESULTS (€ MILLION)

	2015	2014	Δ
Total Income	**273**	**293**	**-7%**
Operating expenses	320	381	-16%
Interest expenses	62	91	-32%
Other expenses	42	40	5%
Total operational expenses	**424**	**512**	**-17%**
Operational result	**-151**	**-219**	**-31%**

GENERAL INFORMATION

The Other Activities segment includes, in addition to Syntrus Achmea Pensioenbeheer, Achmea Investment Management and Syntrus Achmea Real Estate & Finance, our strategic participations and the results from our Shared Service Centers and activities at holding company level.

RESULTS

The operational results of our other activities were up sharply by €68 to - €151 million in 2015 (2014: - €219 million). The higher operational result is mainly due to improved results from our pension provider, Achmea Investment Management, and Independer. The lower IT and housing expenses, the lower cost of the support staff departments and lower interest expenses also contributed positively to the result. Operating expenses are down in spite of the higher pension premium contributions caused by the low interest rates and start-up costs for the development of our Overall Retirement (ODV) Proposition.

SEGMENTS

Against the background of a further unbundling in the Dutch pension services market, the management model of Syntrus Achmea has been further amended. In addition to the separate positioning of the Pension Management, Asset Management and Real Estate & Finance segments as of 1 January 2015, the asset management function has been strengthened with Achmea Investment Management as of 1 January 2016. This is the merger of the institutional asset management activities of Syntrus Achmea Vermogensbeheer and the retail asset management activities of Achmea Beleggingsfondsen Beheer (ABB). This merger is in line with the strategic policy of Achmea to be a strong provider of an integrated proposition for retirement provisions. In addition, the separate positioning of the three segments also creates a stronger overall position. It allows them to serve customers in their submarkets even more effectively.

Syntrus Achmea Pension Management

Total income from fees and commissions fell to €100.6 million during 2015 (2014: €129.4 million), partly as a result of a decline in the number of customers. Costs were cut further due to the reduced deployment of personnel, in line with the development in the customer portfolio. The company's efficiency was also improved via streamlined processes and the use of IT. The pension management activities result improved compared to 2014.

Achmea Investment Management

Assets under management grew by €4.2 billion to €76.0 billion (2014: €71.8 billion) in 2015. This growth is due to an increase in assets under management from existing customers. As of 1 January 2016, the assets under management at the new company Achmea Investment Management amount to €102[1] billion. The higher amount of assets under management as of 2016 is due to the addition of about €6 billion in assets from ABB and the addition of a number of mandates from the insurance entities.

Income from fees and commissions rose to €66 million (2014: €57.5 million), mainly due to increased assets under management and higher performance fees. The Netherlands Authority for the Financial Markets (AFM) granted an Alternative Investment Fund Managers Directive (AIFMD) licence last year. This is a major step forward, given the expected growth in investment funds arising from trends in the pension market.

Syntrus Achmea Real Estate & Finance

The assets under management in real estate holdings and mortgages increased to €15.8 billion (2014: €15.0 billion). The increase in the assets under management is the result of a growing mortgage portfolio and an increase in the number of customers. In line with the growth of the assets under management, Syntrus Achmea Real Estate & Finance received a higher amount in management fees, totaling €63.4 million (2014: €61.1 million).

1. This includes the derivative portfolio (overlay) of €4.7 billion as of year-end 2015.

Investments

OUR INVESTMENT POLICY

Achmea redefined its investment strategy in the wake of the financial crisis. In order to ensure continuity for our customers, all liabilities are hedged by what is referred to as a 'replicating portfolio'. The investments included in this replicating portfolio respond more or less identically to economic trends such as changes in interest rates as our outstanding liabilities do. The other investments have been allocated to the return portfolio. We use the return portfolio to aim for maximum returns within the available market risk budget. In setting this budget, we take into account our risk appetite. The risk appetite is based on our credit assessment, our liquidity position and the appropriate level of profit volatility.

Our policy mainly focuses on the long term and, consistent with our background as a cooperative, we implement this policy in a prudent manner. Another part of our policy is to set strict limits for the parties in which we invest. We adopt a stringent approach to risk, distinguish amongst others between governments and non-governments, and also pay attention to ratings and credit default swap (CDS) spreads.

Achmea makes a distinction between the replicating portfolio and the return portfolio. Where possible, we hedge the market risk (mainly interest-rate risk) relating to the liabilities with the replicating portfolio. This portfolio consists of government bonds, corporate bonds, mortgages, loans, derivatives and cash. The return portfolio, as a rule, does not hedge liabilities. This portfolio invests amongst others in convertible bonds, emerging market government bonds, equities, property, private equity and commodities. The target return for both portfolios is determined by means of clear mandates, including outperformance targets for the various asset managers.

RESPONSIBLE INVESTMENT

As an institutional investor, Achmea aims to invest its own assets in a responsible manner, so as to be able to influence the actions of its investee companies. We consider this as responsible financial supply-chain management. Achmea also advises its customers to make responsible investments, although this decision remains at their own discretion. Our responsible investment policy is divided into five cornerstones: 1. Exclusion policy 2. Engagement: engaging with companies (also known as 'enhanced engagement') 3. Voting in shareholder meetings of institutions in which we have invested 4. Integration of ESG criteria 5. Impact investments. Further information about responsible investment is available at: www.achmea.nl.

Achmea also advises its customers to make responsible investments

In 2015, three new companies were added to the Achmea enhanced engagement programme, each targeted on a different sustainability topic: Human Rights, Labour Rights and the Environment. At the end of 2015, there were ongoing talks with 13 companies on the issues of supply chain management for electronics, sustainable supply chain management for soy, labour conditions, human rights and environmental violations.

A minimum[1] of 606 engagement issues were discussed with a total of 280 companies on behalf of Achmea in 2015 (2014: minimum[1] of 491 cases with 213 companies. The number of enhanced engagements reached 14. The topics discussed included human rights, public health, sustainable supply chain management of soy, carbon management in the property sector, corporate ethics and corporate governance.

On behalf of the customers of Achmea Investment Management[2], a total of 110 cases of engagement issues were discussed with 96 companies (2014: 99 cases with 77 companies). The number of cases was higher than the number of companies as several topics were discussed with the same company.

The engagement programme was also extended to include a new component: 'focus engagement'. For this purpose, a number of companies or sectors related to Achmea's five key topics have been selected: Human Rights, Labour Rights, Health, Nature and Climate. In 2015 Achmea started with the key topic Health, focusing on the engagement subject "Sustainability risks and opportunities in the biopharmaceutical industry'. This is in line with Achmea's decision in 2015 to sign both the 'Investor Statement Access to Medicine Index' and the 'Clinical Trials Transparency Investor Statement'. Within the focus engagement topic, Achmea will engage with 11 companies over a 3-year period on the subjects 'Access to Medicine', 'Innovation Management', 'Clinical Trial Transparency', 'Business Ethics' and 'Product Quality Management'.

With regard to votes in shareholder meetings, a total of 1,717[1] shareholder meetings were attended in 2015 (2014: 1,697[1]) on behalf of Achmea, during which a total of 22,373[1] votes were cast (2014: 20,800[1]). A total of 3,213[3] shareholder meetings were attended in 2015 on behalf of the customers of Achmea Investment Management (2014: 1,516[3]), during which a total of 39,131[3] votes were cast (2014: 18.396[3]).

Achmea is a signatory to the UN Principles for Responsible Investment and the UN Principles for Inclusive Finance, as well as participating in the Carbon and Water Disclosure Projects. Read more about Achmea's responsible investment policy and results in Appendix F and at www.achmea.nl.

INVESTMENT RETURNS

The result on Achmea's proprietary investments was €47 million higher than for 2014, despite the decline in direct investment returns of €38 million. Higher returns on both fixed-income securities and equities resulted in an increase of €57 million. The indirect result on real estate was up €34 million in 2015. While our investment in retail and office property was, on average, still subject to a slight downward revaluation, the value of residential property increased in 2015. The returns on fixed-income securities were chiefly driven by a change to the composition of the portfolio.

For instance, the tight spreads led us to reduce our covered bond portfolio in favour of higher-yielding investments such as private loans and mortgages. Over the past year our investment in direct mortgages for the insurance business has risen by €2.2 to €3.8 billion at year-end 2015.

IMPACT INVESTMENT: CURETIS

Every year, various types of bacteria cause life-threatening lung diseases in tens of thousands of Dutch people. These micro-organisms are increasingly resistant to many of the available antibiotics. A quick and accurate diagnosis of the infection can save lives. Using the current tests, it takes three to four days before the attending physician knows what bacteria causes the infection and which type of antibiotic might be used to treat it. Achmea has invested in Curetis through one of its investee companies. This company developed a test which makes the correct diagnosis in four hours. This allows physicians to quickly administer the correct antibiotic and treat the infection as effectively as possible. As well as saving lives, the quick diagnosis also helps solve a global problem: controlling the spread of dangerous bacteria resistant to antibiotics. Curetis is developing similar tests to make quick diagnoses of various other infections. The launch of these diagnostics was a solid basis for the successful IPO of Curetis in November 2015.

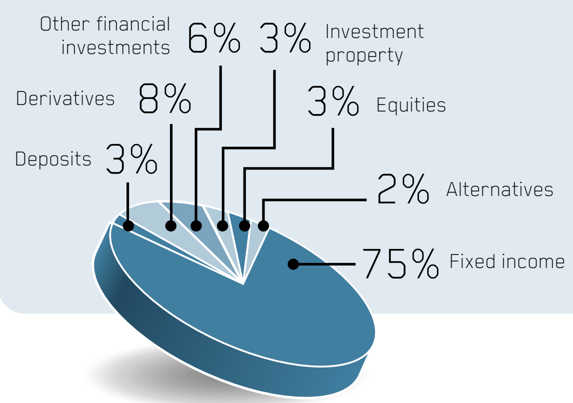
FIXED-INCOME PORTFOLIO

The value of our fixed-income portfolio decreased by 3% in 2015, to €34.6 billion (year-end 2014: €35.7 billion), partly as a result of the slightly higher interest rates in the longer maturities and spread widening. Of this amount, more than €18.5 billion (year-end 2014: €20.6 billion), equivalent to 53% (year-end 2014: 58%) was invested in government bonds, government-related bonds and government-guaranteed loans. The bulk of this amount was invested in Dutch government bonds. Furthermore, there were relatively large allocations to German and French government bonds, while we also invested in Austrian, Finnish and Belgian government bonds. Achmea operates in the Irish and Greek markets and invests in Irish government bonds (year-end 2015: €406.9 million) and Greek government bonds (year-end 2015: €6.4 million). We further adjusted the composition of fixed-income portfolio in 2015 in favour of direct residential mortgages (year-end 2015: €3.8 billion). In so doing, we increase the returns on our portfolio and improve the composition of the investment portfolio which serves to hedge our liabilities to policyholders. We increased the share of direct mortgages in our portfolio in 2015 through the Tellius Toekomstvast and Hypotrust Woonbewust channels. By building a position in direct Dutch home mortgages, we reduced our allocation to government bonds and covered bonds. The currency risk and interest-rate mismatch risk between our fixed-income portfolio and our liabilities are hedged with derivatives.

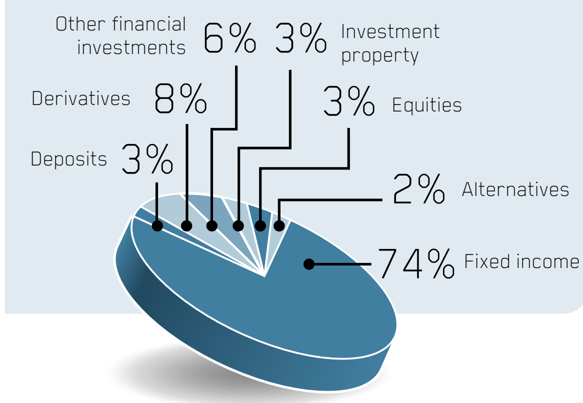
Our fixed-income portfolio is prudently invested. A large part of the portfolio has a triple-A rating[4] , while only 1% does not have an investment-grade rating. The increase in the percentage of fixed-income securities without a rating to 12% (year-end 2014: 7%) is the result of the increased investment in direct mortgages.

1. *These numbers are excluding the proxy votes F&C Asset Management issued on behalf of Achmea during the fourth quarter of 2015 and 2014 and the engagement topics which have been discussed by them.*
2. *Until 31 December 2015, this was done on behalf of Syntrus Achmea Vermogensbeheer*
3. *The increase compared to 2014 is due to the change of a number of share mandates to small-cap companies and because votes we casted during the shareholder meetings for three new clients (including ABB and AAM for 2015 as a whole).*
4. *Based on average rating*

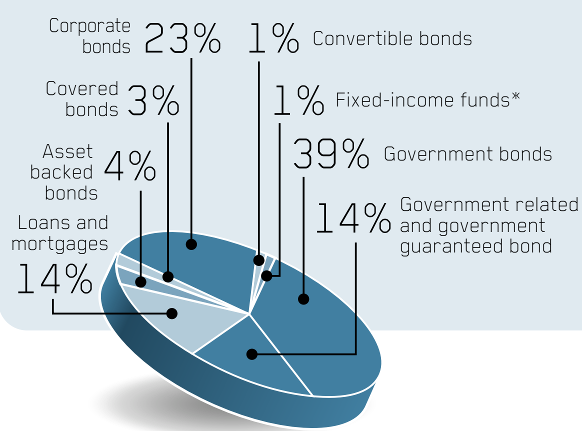
Total investment portfolio*
(31-12-2015: €46.0 billion)



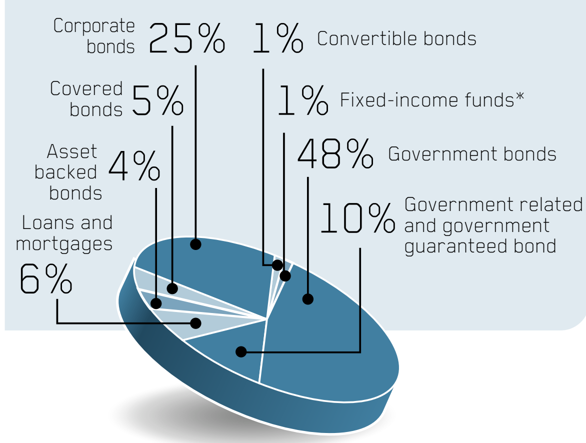
Total investment portfolio*
(31-12-2014: €48.3 billion)



Specification of fixed income portfolio
(31-12-2015: €34.6 billion)



Specification of fixed income portfolio
(31-12-2014: €35.7 billion)



** The Annual Report shows fixed-income funds as part of the fixed-interest portfolio and real estate funds as part of Real Estate. In the financial statements, these components are shown as part of Equities and similar investments.*

EQUITY AND ALTERNATIVE INVESTMENT PORTFOLIO

Our equity portfolio had a total value of €1.2 billion at year-end 2015 (year-end 2014: €1.3 billion), i.e. a 3% share in our total investment portfolio. Despite the increase in the value of our portfolio in 2015 of approximately 2%, the portfolio has shrunk following the sale of equity positions in late 2015. A total of 85% of our equity portfolio is currently invested in mature equity markets (year-end 2014: 80%), with the remaining 15% tied up in emerging markets (year-end 2014: 20%). In addition to our equity portfolio, we also manage a portfolio of alternative investments such as private equity, hedge funds, infrastructure and commodities. The value of this portfolio at year-end 2015 was €1.1 billion (year-end 2014: €1.1 billion).

The lower oil prices have resulted in lower returns in 2015 in the commodities investment class. In addition, the exposure to this category has also declined as a result of sales: this is offset by an extension in other categories, including hedge funds and private equity. We are hedging the foreign currency risks of our investments in equity and alternative investments to a large extent.

PROPERTY PORTFOLIO

At the end of 2015, our investment portfolio had a total value of €1.4 billion (year-end 2014: €1.4 billion), representing 3.0% of our total investment portfolio. The decrease in value of the property portfolio is attributable to the partial sale of direct real estate and to write-downs. At year-end 2015, the property portfolio comprised €1.1 billion in direct property investments, of which 39% residential properties, 30% retail properties, 26% offices and 5% other property holdings. Additionally, our property portfolio contained €265 million in indirect property investments.

TOP 5 SOVEREIGN EXPOSURE

(€ MILLION)

	31-12-2015	31-12-2014	RATING
The Netherlands	8,931	10,825	AAA
Germany	2,842	3,138	AAA
France	1,465	1,417	AA
Austria	523	528	AA
Finland	417	395	AAA

FIXED-INCOME PORTFOLIO BY RATING

	31-12-2015	31-12-2014
AAA	43%	50%
AA	15%	14%
A	15%	16%
BBB	13%	11%
<BBB	2%	2%
Unrated	12%	7%
Total	**100%**	**100%**

In accordance with our expectations, 2015 showed a recovery in property values (houses), and we expect house prices to increase further in the coming years. We expect a further decline in value for the 'Offices' segment of our portfolio. We also expect property values in the Retail sector to decrease in the coming years as a result of the growing percentage of online sales. The Dutch retail market has been struggling as a result, partly in conjunction with the economic recession; this is also evident from the recent number of major bankruptcies in the Dutch retail market.

We expect that the middle retail segment will remain under pressure for the upcoming years. Small and medium-sized cities will be faced with increasingly high vacancy rates, including in prime locations.

We remain cautious in appraising our property portfolio, always based on the most up-to-date appraisals. Therefore we perform a full appraisal of 25% of our portfolio on a quarterly basis, plus a review of the remaining 75%. This ensures that the entire property portfolio will be fully reappraised over a one-year period.

Capital and liquidity management

CAPITAL MANAGEMENT

Capital management framework

Effective capital and liquidity management is essential to ensuring continuity for our policyholders, employees, shareholders and other stakeholders. Accordingly, we have a solid balance sheet and effective capital management and investment management as one of the critical success factors in achieving our objective of becoming the most trusted insurer. In line with our risk appetite, we aim to achieve solid and sufficient capital levels based on the Solvency II and Standard & Poor's requirements. A secondary objective is to ensure the consistent application of our capital management policy in practice.

Capital management is an integral part of how we manage our company. The capital management framework is designed to ensure that the Achmea Group and its subsidiaries are capitalised in accordance with the statutory requirements and the requirements for risk appetite, risk tolerance and economic capital as ratified by our Executive Board. The Risk Management section of this Annual Report contains more details on our risk appetite statements. We have developed our risk appetite statements in relation to our capital position in an internal Capital Adequacy Policy. For example, we have set target levels for the amount of capital for Solvency II (based on our partial internal model) and for Standard & Poor's (in accordance with an AA rating for capital). Regular sensitivity analyses and stress tests are conducted for these capital positions, for example by calculating the effect of severe storms or substantial interest-rate fluctuations. A set of measures has been defined in the event that capital levels fall below pre-defined minimum levels. Furthermore, Achmea also prepares an annual Recovery Plan, in which the effectiveness of the defined measures is assessed based on various scenarios.

Capital management objectives

The main objectives of Achmea's capital management policy are to:

- Perform internal capital adequacy tests, which includes short-to-medium-term capital planning and conducting stress tests;
- Allocate capital to the various segments based on risk-based capital allocation, in accordance with the Group's strategic objectives and to optimise returns on economic capital;
- Implement the Group's dividend policy and pay dividends on behalf of the Group, taking into account the needs and requirements of shareholders, regulators and other stakeholders.

Financial position as at 31 December 2015

Equity rose to €10,280 million in the past year (2014: €9,818 million), representing an increase of €462 million. The largest contributions to this increase came from the net profit over 2015 of €386 million and the issue of a new perpetual bond amounting to €750 million; the latter was partly used to buy back and redeem existing perpetual bonds amounting to €367 million. The decline in the revaluation and currency reserves of €231 million and dividend and coupon payments amounting to €63 million had a negative impact on the equity.

The revaluation reserve declined to €686 million. The higher interest rates have caused the unrealised revaluation on fixed income securities to decrease by €157 million. Owing to higher stock market indices, the unrealised revaluation on equities and similar investments increased by €46 million in 2015. The effect of realisations due to sales is - €215 million.

All the investment results on fixed-income securities and derivatives for the account and expense of the pensions and life insurance business have been set aside in a Fund for Future Appropriation (FFA). This is a provision to cover commitments to our customers with life insurance policies, relating to results not yet included in the profit sharing. The FFA forms part of the insurance liabilities.

The FFA decreased by a total of €0.5 billion to €6.2 billion (year-end 2014: €6.7 billion) due to a slight rise in interest rates at the long end of the curve. The currency reserve decreased by €46 million on account of the weaker Turkish lira.

Finally, a total of €63 million in dividend and coupon payments was paid to the shareholders and bondholders in 2015. This amount breaks down into €17 million in dividend payments for preference shares and €46 million in coupon payments on hybrid capital.

MOVEMENT IN EQUITY	(€ MILLION)
Total equity as at 31 December 2014	**9,818**
Net profit	386
Issue of perpetual bonds	750
Redemption of perpetual bonds	-367
Changes to revaluation reserve	-185
Changes to currency reserves	-46
Pension commitments and investments	9
Dividend and coupon payments to shareholders and bondholders	-63
Other effects	-22
Total equity as at 31 December 2015	**10,280**

Solvency I position as at 31 December 2015

A solid financial position is a prerequisite for long-term fulfilment of the commitments we made with our customers. Our IGD solvency ratio (excluding our banking and pension services business) decreased by 5 percentage points to 210% compared to year-end 2014 (215%). This decrease is the result of a decrease in available capital of €57 million and an increase in the required capital of €78 million.

The decrease in available capital is caused mainly by a €533 million deterioration in the result of the adequacy test for the liabilities of our pension and life insurance business, which is largely compensated for by the increase in equity of €462 million. This decline is due to interest rate fluctuations, changes to mortality and lapse assumptions and one-off changes to cost assumptions.

Achmea uses the ECB AAA yield curve, including an ultimate forward rate (UFR) in performing the capital adequacy test. If the UFR were not applied, the IGD solvency ratio at year-end 2015 would be roughly 15 percentage points lower. As of 31 December 2014 this negative effect was about 23 percentage points. This change is due to the higher interest rates in 2015. The FCD solvency ratio – which relates to the Group including its banking operations and pension services business – decreased to 211% (year-end 2014: 217%). Achmea Bank's core Tier 1 ratio decreased slightly to 16.8% (year-end 2014: 17.0%). Staalbankiers' core Tier 1 ratio increased to 29.7% (year-end 2014: 18.9%).

SOLVENCY I			(€ MILLION)
	31-12-2015	**31-12-2014**	**Δ**
Available capital	8,383	8,440	-1%
Capital adequacy requirement	4,001	3,923	2%
Solvency (IGD)	**210%**	**215%**	**-5%-pnt**

Solvency II position as at 31 December 2015

As of 1 January 2016, Solvency II is the leading regime in Achmea's capital policy. Internal models for internal steering have been developed for this purpose, as these better match the risks Achmea faces than the standard Solvency II formula based on European averages.

Achmea's partial internal model has been approved for use for prudential purposes by De Nederlandsche Bank and the Bank of Greece. The model has been tested by the regulatory authorities and meets Solvency II requirements. The model provides Achmea with improved insight into the risks it faces. It enables us to steer better and provides even greater protection for our customers' interests.

The partial internal model (non-life and income protection insurance risks) is used by the Dutch Non-life insurers, Achmea Reinsurance Company and the Greek subsidiary Interamerican Property & Casualty Insurance Company SA to calculate the Non-life and income protection (Health SLT) insurance risk.

Achmea aims to expand this model with an internal model for Health (Health NSLT) insurance risk and market risk. Achmea already uses these last components for business guidance.

The Group's Solvency II level, including banking entities, based on the approved model, as at 31 December 2015 is 201%.

Funding strategy

Our funding strategy serves to ensure access to the international capital and credit markets at a low cost. Achmea's financing activities are centralised and are coordinated at Group level. Achmea can finance the operations of its subsidiaries through subordinated loans or other forms of capital and loans. As a holding company, Achmea primarily uses dividend payments and internal cost allocations for its financing. We introduced a new method in 2014 for allocating costs relating to activities of support departments on behalf of the business segments. Ever since, a larger share of our Group activities has been financed through internal cost allocation.

The table in the right-hand column contains a detailed statement of the holding company's capital and liquidity flows, which serves as a supplement to the cash-flow statement included in the financial statements. In view of the governance of the Achmea Group, this most accurately reflects the holding company's perspective on the cash flows between the holding company and the Group's operations. Achmea has sufficient financial flexibility, not least because of its solid access to capital markets.
In February 2015, Achmea B.V. issued €750 million in subordinated notes at a coupon rate of 4.25%. These are open-ended notes and the first call option is after ten years. They are listed on the Irish Stock Exchange in Dublin, Ireland. Also in February 2015, after a cash bid Achmea B.V. bought back a €229 million principal of the outstanding €367 million 5.125% Fixed-to-Floating Rate Perpetual Securities at 101.5%. The remaining €138 million was bought at par in June.

Our debt leverage ratio* increased to 25.5% (year-end 2014: 24.3%) as a result of these transactions. Our double leverage ratio** decreased slightly to 104.7% (year-end 2014: 105.8%). Our fixed-charge coverage ratio – which reflects the relationship between fixed financing expenses and earnings before interest, tax, depreciation and amortisation (EBITDA) – decreased to 4.1x (year-end 2014: 4.3x). The debt leverage ratio and the fixed charge coverage ratio of 2014 have marginally changed, because we consider the CHF200 million loan as a fixed financing cost at holding company level.

Statement of changes in liquidity position at holding company level*

LIQUIDITY RECEIVED FROM OPERATING ACTIVITIES	2015
Non-Life Netherlands	0
Health Netherlands	0
Pension & Life Netherlands	0
International	1
Banking activities	87
Other	10
Income from divestments	30
Financing/ Group activities	
Net interest paid	-52
Dividend and coupon payments	-70
Net changes in loans	378
Tax settlements	214
Holding company operations	-19
Investments in segments and investee companies	
International	-13
Banking activities	-179
Other	-33
Net changes in liquidity position	**354**

** Debt leverage: non-bank debts and perpetuals as a percentage of the sum of total equity, non-bank debts and perpetuals less goodwill.*

*** Double leverage: the ratio between (a) the difference between the available capital and subordinated debt at holding company level and the equity of the investee companies and intangible fixed assets and (b) equity at holding company level.*

**** The fixed-charge coverage ratio: the ratio between fixed financing costs and the operational result adjusted for interest and depreciation.*

** This concerns Achmea B.V. and all changes in liquidity position relating primarily to responsibilities of the holding company; these are exclusive of changes in liquidity position relating to specific operational segments.*

The strength of Achmea's financial position is evident from the structure and composition of the available capital. The graphs below show the allocation of capital among Achmea's various operations.

LIQUIDITY MANAGEMENT

Liquidity policy

According to the risk appetite statements, Achmea must retain sufficient liquidity in order to be able to fulfil its liquidity requirement in extreme stress scenarios at both the holding company and legal entity levels, now and in the future. The Group's liquidity position must be sufficient and allow for financial flexibility at all times. We have developed our risk appetite statements in relation to our liquidity in an internal Liquidity Risk Policy.

Our liquidity policy sets out how Achmea and its Non-Life, Health, Life and Banking subsidiaries manage liquidity risk. In addition a number of calculation models have been developed which, across several time horizons, provide a forecast of Achmea's liquidity position and risks, under normal circumstances and for a series of moderate-to-extreme stress scenarios. The models and limits set enable Achmea to comply with the risk appetite statements as defined by the Finance & Risk Committee and formally ratified and adopted by the Executive Board. The calculation models ensure that Achmea is alerted in a timely manner if there is an impending risk of insufficient liquidity to meet our liabilities. Furthermore, the models also enable us to provide quantitative information about the liquidity position at various levels to regulators and other stakeholders. A set of emergency measures has been defined for extreme scenarios, in order to generate liquidity.

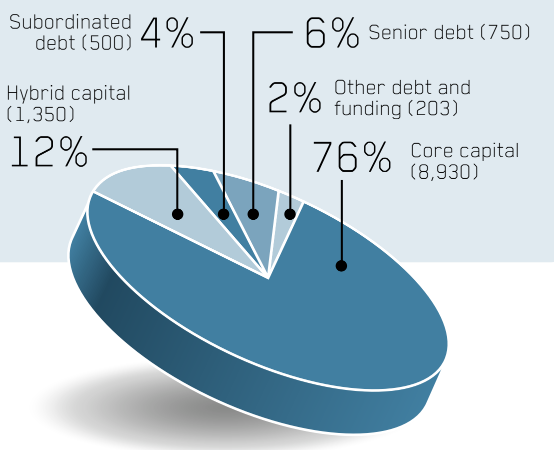
Liquidity of the holding company, insurance and banking entities

For liquidity purposes, Achmea maintains committed and non-committed credit facilities at Group level at several – mostly international – banks. At year-end 2015, the committed credit facilities of €750 had not been drawn down. The credit facilities were renegotiated and extended by one year in 2015; the new facility is valid until 2020. The credit facilities contain no covenants in relation to financial ratios or bank covenants with the obligation of redemption if the rating is reduced. Nevertheless, a change to the rating can affect the amount of the credit spread or interest rates.

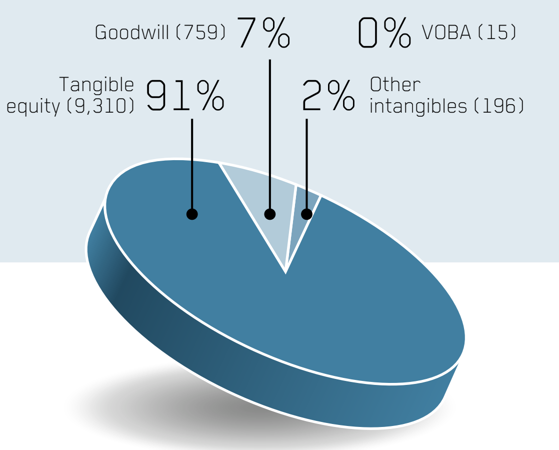
The liquidity position of our insurance business is more than solid, as we maintain a high level of liquid investments in our investment mix, including government bonds which can quickly be cashed, and listed equities.

Our banking businesses have strong liquidity positions and have kept these well above the statutory requirements. In 2015, Achmea Bank issued two senior unsecured notes for a total of €1.2 billion and unsecured subordinated bonds amounting to €0.6 billion. It also placed €0.9 billion in RMBS (residential mortgage-backed securities) on the capital markets. In 2015, Achmea Bank redeemed senior unsecured notes amounting to €0.3 billion and €1.3 billion in RMBS notes.

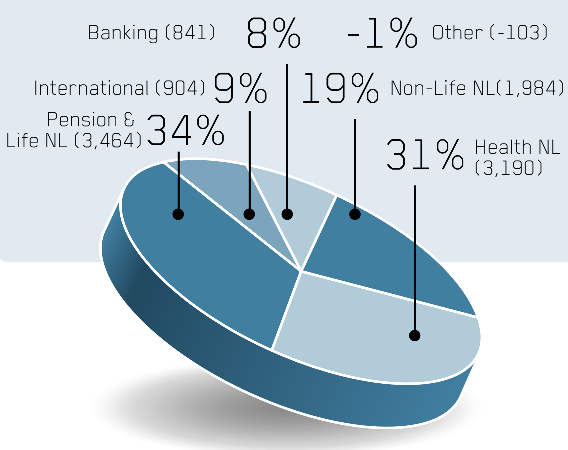
Capital structure
(31 December 2015: €11,733 million)



Composition of total equity
(31 December 2015: €10,280 million)



Capital allocation
(31 December 2015: €10,280 million)



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Dividend policy

During the capital increase in April 2009, the company and its shareholders agreed that the dividend payments to ordinary shareholders would amount to 45% of net profit, to be allocated to the shareholders. All dividend proposals are subject to the approval of the General Meeting of Shareholders. Furthermore, dividend proposals also take into account a prudent financial policy.

If the solvency level exceeds 130% as of the year-end (the fixed lower limit based on the intended model), the Executive Board will make a dividend proposal. The dividend proposal is primarily based on the Group's long-term financial solidity and on the stakeholders involved in the company. As part of the dividend proposal, an extensive review will be conducted as to whether payment of a dividend is appropriate. This will include reviewing the growth of the solvency level over the planning period, liquidity growth, the outcome of scenario and stress tests and various ratios from a rating agency perspective, such as the S&P capital position, debt ratio and fixed-charge coverage ratio. This review will be laid down in a memo. The Executive Board will carefully and prudently consider whether to pay a dividend based on all these indicators. Any decision to pay a dividend needs to be approved by the Supervisory Board.

Ratings

Standard & Poor's (S&P) ratings of the Achmea Group (A-, negative outlook) and Achmea's insurance businesses (A+, negative outlook) remained unchanged in 2015. Achmea Reinsurance Company N.V. was awarded a separate S&P rating of A in 2015. Achmea Bank's S&P rating remained unchanged (A, 'negative outlook'); this rating is linked to the Holding's rating. Finally, Achmea Bank was also awarded a rating by Fitch (A, negative outlook). This matched the S&P rating in 2015 and has therefore gone up a level since 2014.

RATINGS

ENTITY	TYPE	S&P	FITCH	MOODY'S
HOLDING COMPANY				
Achmea B.V.	CCR	A-		
INSURANCE ENTITIES				
Achmea Schadeverzekeringen N.V.	CCR / IFSR	A+		
Achmea Zorgverzekeringen N.V.	CCR / IFSR	A+		
Achmea Pensioen- & Levensverzekeringen N.V.	CCR / IFSR	A+		
BANKING ENTITIES				
Achmea Bank N.V.	Long-term CCR	A	A	
	Short-term CCR	A-1	F1	
	Secured debt programme	A		
Achmea Bank N.V.	Covered bond programme		AAA	AAA

** CCR: Counterparty Credit Rating*
IFSR: Insurer Financial Strength Rating

Risk management

Effective risk management is key for Achmea's sustainability and to maintaining a long-term relationship with our customers and other stakeholders. Achmea is exposed to insurance risk, market risk, counterparty default risk, operational risk, liquidity risk, compliance risk and strategic risk.

Achmea has an integrated risk management framework which effectively contributes to achieving our strategy and corporate goals. The Risk Management section in the Financial Statements (note 49) contains a description of the risk management framework. It also includes a description of risk governance and a detailed description of the profiles of the main risk types and the risk control measures that have been implemented.

In this section we explain the main trends in risk management and describe in brief the risk profile using the main risk types. The Strategy section contains a description of the strategic risks Achmea faces.

RISK MANAGEMENT IN 2015

The risk management framework is updated periodically. The following changes were implemented last year, amongst others:

- As part of the implementation of Solvency II, which came into effect as of 1 January 2016, among other things improvements have been made to the risk model and the ORSA (Own Risk and Solvency Assessment) process. Please see the separate section on Solvency II for more information.

- The group Risk & Compliance department has been split into a Risk Management department and a Compliance department, which ensures better embedding of the risk management and compliance functions. The actuarial function is part of the Risk Management department at group level and for some segments, but comes under the Risk Management department for some segments. The actuarial function was reinforced last year, including by developing the Actuarial Function Holder Report.

- As part of the annual review of the risk appetite, this was amended on several points. The risk appetite was not changed in material terms. The main changes in terms of content relate to the capital and risk policy sections, whereby in compliance with the introduction of Solvency II it is noted that the Solvency II ratio will be used for steering instead of the Solvency I ratio. Separate statements are also given for each financial risk type.

- The interest curve used when performing the IFRS liability adequacy test was changed for Life and Pensions in 2015. Since the second quarter, the IFRS test has been calculated using the Solvency II curve in line with market practices.

- The periodic risk reports have been improved, including by reinforcing the integral risk picture in the reports. Achmea's management is consequently able to monitor the risk profile better and adjust accordingly.

- This year a trend analysis was conducted on the risk analyses carried out for the period 2012-2015, on the basis of which it was concluded that e.g. risk awareness has increased over time. A number of risks persist. These risks are either accepted or the implemented measures require a long completion time for bringing about the desired changes.

- The gross-net risk analysis was improved this year. Here, 'gross' refers to the risk profile prior to implementing measures and 'net' to the risk profile after the measures have been implemented. The gross-net risk analysis makes the risk profile more thorough and the identified risks are better assessed according to completeness. This analysis is also important to improving the ORSA process.

SOLVENCY II

Achmea is ready for the introduction of Solvency II, the successor to the solvency regime for insurers in the European Union that came into effect on 1 January 2016. Specific Solvency II requirements, such as developing and managing a risk model for quantifying our risk profile and the Own Risk and Solvency Assessment, or ORSA, have been included in our risk management framework.

In 2015, Achmea submitted a formal application to the Dutch central bank (DNB) and received approval for using a partial internal model for some components of the non-life insurance risk of the Dutch insurance entities and for InterAmerican Greece. Achmea aims to expand this model with an internal model for Health (Health NSLT) insurance risk and market risk. Achmea already uses these last components for internal steering.

Specific components which were given additional attention on implementation this year are the calculation and reporting process for reporting on Solvency II, increasing the reporting frequency from an annual SII report to a quarterly report, setting Solvency II limits as part of the risk appetite framework, updating policy documents and increasing general Solvency II knowledge in the company.

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RISK OVERVIEW

As mentioned above, Achmea is exposed to insurance risk, market risk, counterparty default risk, operational risk, liquidity risk, compliance risk and strategic risk. Below we describe in brief the company's exposure to these risks and how these are controlled.

Insurance risk

Achmea is exposed to life insurance, non-life insurance and health insurance risks via its range of products. Longevity risk is dominant in its life insurance risk and is monitored closely. In the Netherlands, Achmea does not accept high industrial insurance risks, such as airports or power stations. In Turkey (Eureko Sigorta), these risks are accepted from a strategic perspective. These risks are reinsured for 100%, or a very small risk is retained for Achmea itself, at high-quality insurers. Property and damage of motor vehicles insurance policies are particularly exposed to catastrophe risk, of which storms and hail are the main natural hazards in the Netherlands. On a smaller scale, earthquake risk affects our foreign companies in Greece (InterAmerican) and Turkey (Eureko Sigorta). In general, insurance risk is controlled via product development, including by setting adequate premiums, acceptance criteria, testing provisions and reinsurance.

Market risk

As a financial service provider, Achmea is exposed to market risk via its investment portfolio, minimum guarantees and profit-sharing (life insurance and occupational disability insurance policies) and our retail bank products (mortgages, deposits, savings accounts and current accounts). Specific events that could have a major impact in the short term include extreme shocks on the financial markets and an extreme hike in interest rates. For its Dutch insurance companies, Achmea manages market risk positions within the Asset & Liability Management (ALM) framework. Here a distinction is made between matching portfolios and return portfolios. In the case of matching portfolios, long-term investment returns are earned which meet the obligations for the liabilities arising from the insurance agreements. The interest rate risk of these investments and liabilities is managed on an economic basis. Here interest rate derivatives are used to improve the matching of the insurance liabilities. Investment risk is taken in respect of the return portfolios, with the aim to earn returns via the risk premiums present in the market.

Risk analyses are conducted at the strategic, tactical and operational level

Counterparty default risk

Achmea is exposed to risk arising from all kinds of counterparties in the areas of investments, treasury, banking, reinsurance, healthcare providers, intermediaries and policyholders. The management of counterparty default risk is aimed at guaranteeing that the portfolios are well diversified. Achmea's credit risk in its banking activities arising from Achmea Bank and Staalbankiers is chiefly concentrated in mortgages and counterparty default risk in the money and capital markets. In 2014, a start was made on constructing a portfolio containing mortgages as a match for life insurance policies. The credit risk on mortgages is mitigated by applying the acceptance policy and subsequently monitoring the redemption criteria.

Liquidity risk

Liquidity risk pertains to not being able to efficiently address expected and unexpected current and future cash flows and the need for collateral without impacting the day-to-day operations and the financial position a legal entity negatively. The liquidity risk within Achmea's insurance activities is mitigated by the availability of sufficient cash and credit facilities and investments in liquid assets. With respect to its banking activities, Achmea manages its liquidity risk at several levels: the cash position in the short term, loan requirements in the medium term and diversified loans in the long term.

Operational risk

Like other companies, Achmea is exposed to the risk that losses may occur from the inadequacy or malfunctioning of internal processes, employees or systems or external events. Achmea distinguishes the following seven categories of risk events: 1. Internal fraud, 2. External fraud, 3. Implementation & process control, 4. Customers, products & codes of conduct, 5. Interruption of operations and system failure, 6. Damage to tangible business assets and 7. Personnel policy and safety and security. The main risks consist of risks in respect of information security, cybercrime, reputational risks, pressure on the IT change program, liability claims from products and services and pressure on the ability to change.

Risk self-assessments are conducted at strategic, tactical and operational levels. Risk self-assessments are also conducted on specific topics, e.g. in the form of project risk self-assessments. In addition, an Internal Control Framework is used to monitor systematically significant risks and important control measures throughout the company. An Internal Control Statement linked to the risk report containing a qualitative description of the risks and the internal control is compiled annually and discussed in the Audit & Risk Committee. Additional policy and procedures apply to specific risk events, such as information security, business continuity and crisis management.

Reputation risk

Reputation risk is an important risk. Achmea, being the largest insurer, is under scrutiny. Via social media, radio and TV broadcasts, Achmea receives media coverage on a frequent basis. This is affecting Achmea's reputation. Achmea is actively working on reputation management to preserve its reputation as well as

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possible and, wherever possible, to reinforce it. In this respect, Achmea recognises two pillars: preserving and protecting its reputation and proactively developing and strengthening it. The main drivers are in the area of governance (transparency, ethical behaviour), performance and the quality of products and services. In its daily business operations, management gives considerable attention to this. In addition, Achmea's reputation is continuously monitored and analysed for opportunities and threatening issues, with at least a monthly report on the current situation. Monitoring allows us to follow in real time the impact among different stakeholders, of publications and issues, of opportunities that we can capitalise on, or threats that affect us negatively. By responding to this, we can reinforce our reputation and mitigate reputation risks as effectively as possible.

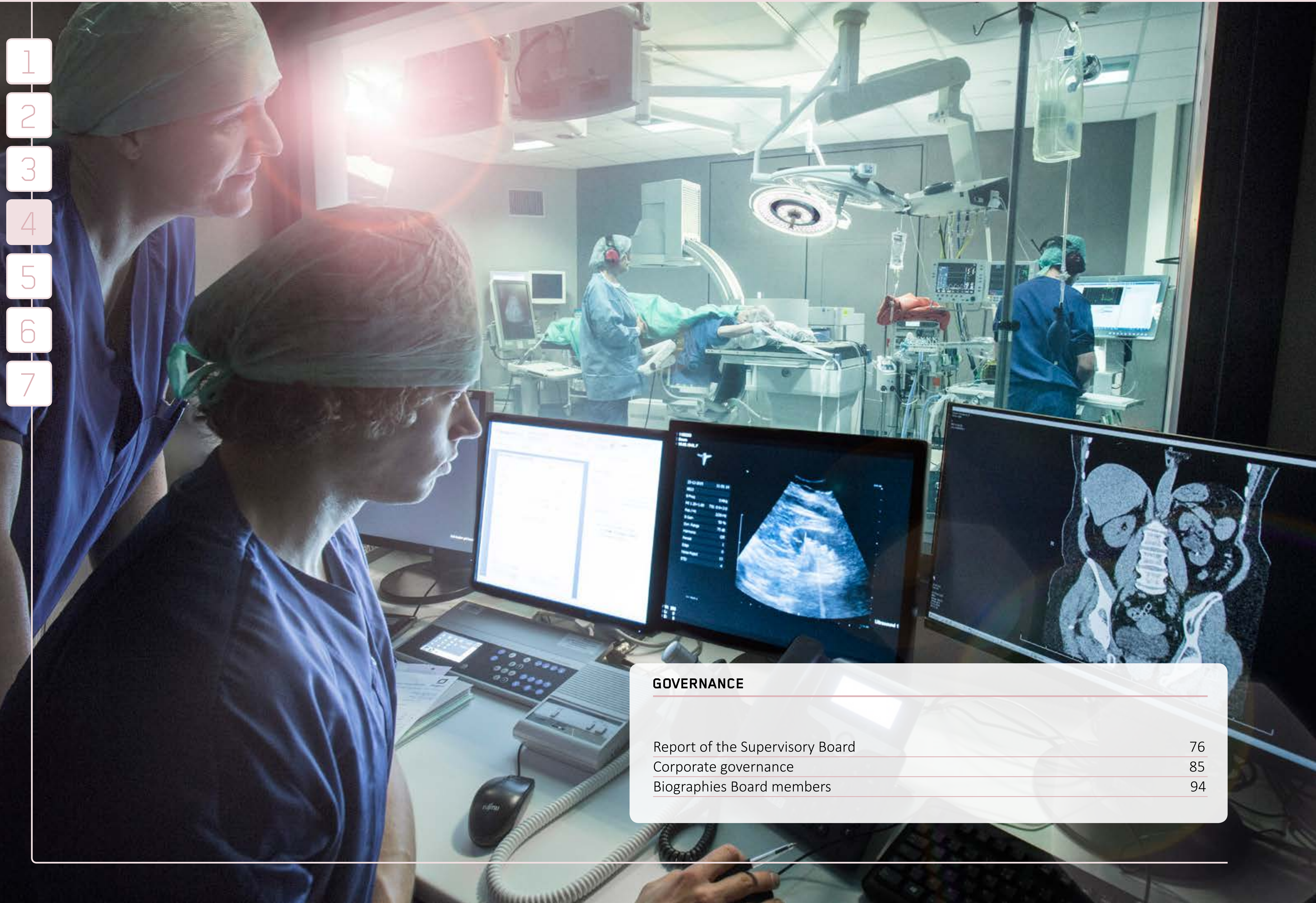
Compliance risk

Non-compliance with laws and legislation may result in legal or administrative sanctions, substantial financial losses or harm to Achmea's reputation.

The control of compliance risk focuses on identifying compliance issues, increasing compliance awareness, providing advice on compliance and communicating on and monitoring compliance risks. The main legal provisions are translated into compliance themes. Management conducts self-assessments within Achmea's framework for internal control and on the basis of these themes.

Strategic risk

Strategic risk relates to Achmea's strategy with respect to its risk profile in the medium and long term. Please see the Strategy section for a description of the main strategic risks that we have identified and monitor.



GOVERNANCE

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Report of the Supervisory Board

MAIN DEVELOPMENTS IN 2015

The Supervisory Board performs its duties on the basis of three roles: (1) supervision (including formal approvals), (2) solicited and unsolicited advice, and (3) the employer.

Implementation of the Acceleration & Innovation programme was again one of the main agenda items for the Supervisory Board in 2015. Acceleration & Innovation's objective is that Achmea is to evolve further into a customer-driven, efficient and flexible company, and in doing so sustainably improve its earnings model for the long term, including by cost reduction and performance improvement. The introduction of the Solvency II Partial Internal Model was also devoted much attention in 2015, as was the macro-economic environment analysis which has an impact on Achmea's strategy. The Supervisory Board committees dealt with risk management, compliance, and management development, among others. The composition of the Executive Board also received much focus due to the departure of two members and the filling of the two subsequent vacancies. The composition of the Supervisory Board was also amply discussed.

The Supervisory Board judges its relationship with the Executive Board to be good. The reports and information provided to the Supervisory Board were high-quality and – where appropriate and necessary – balanced with respect to the interests of all the company's stakeholders. The Supervisory Board's suggestion to enrich reports with more commercial customer information has been adopted by the Executive Board.

In 2015, the Supervisory Board devoted particular attention to succession planning and the composition of the Executive Board; the new appointments have contributed to a more mixed composition with respect to e.g. age and gender.

The Supervisory Board convened on twelve occasions in 2015, including eleven ordinary meetings and one extraordinary meeting. Written resolutions were also made twice outside the meetings following written consultations. All the meetings were attended by almost all members, with a few cases of absence. Members who were absent provided the meeting with input in advance and authorised another member to exercise their vote at the meeting. Ten meetings were held at Achmea's head office in Zeist; one meeting was held at De Friesland Zorgverzekeraar in Leeuwarden and one at Swiss Mobiliar in Bern, Switzerland.

Strategy and Acceleration & Innovation

One of the Supervisory Board's key tasks is to monitor and provide advice on the implementation of Achmea's strategy. The strategy was revised in 2013, whereby challenging objectives were set in the context of customer centricity in all our actions and policies, the development of a future-proof revenue model and an efficient and flexible organisation. In 2015, the focus was on the further consistent and logical implementation of the strategy, within which the group-wide Acceleration & Innovation programme has an important role, increasing digital customer services and improving the earnings model for the future; this is being achieved by, among other things, investing in strategic initiatives such as the Overall Retirement Proposition (ODV), the creation of a General Pension Fund (APF) and the renewal of the bancassurance relationship with Rabobank as part of the Bancassurance 2.0 programme.

The Supervisory Board noted that progress has been made in all these areas. The scores for the AFM's Customer Centricity Dashboard are consistent with those of other market parties; the next step is to achieve the ambition of becoming the 'most trusted insurer'. A large part of the Acceleration & Innovation programme has already been completed. Employee satisfaction survey scores relating to trust are up and the strategic HR plan has been worked out. As part of the Acceleration & Innovation programme, cost reductions were implemented as planned in 2015, including via measures to reduce the size and cost of the centralised and local staffs. The IT organisation was renewed to include agile chains and at Pension & Life, for instance, a large-scale migration of legacy systems to target systems was conducted. In addition, Achmea Investment Management (AIM) was founded, a new organisation which groups together the asset management activities following a merger between Syntrus Achmea Vermogensbeheer and Achmea Beleggingsfondsen Beheer.

Together with the Executive Board, the Supervisory Board established that not all parts of the Acceleration & Innovation programme have been achieved and that due to changing environment factors, such as the rapid change in customer interaction, it is essential to complete current initiatives such as the migration of digital customer services and driving the digital IT business case. The direction of the joint IT policy and target architecture needs to be maintained, complexity and costs need to be reduced and the balance between business and IT needs to be improved.

At the request of the Supervisory Board, the Executive Board invited the Supervisory Board to participate in several sessions on the corporate strategy. In doing so, the Supervisory Board requested that attention be devoted to, among other things, increasing income and the opportunities and threats posed by disruptive innovation. The 2016-2018 Business Plan and the 2016 Budget were adopted at the end of 2015. The transition to being a digital insurer and completion of the Acceleration & Innovation programme are part of this, especially the part that provides for the migration to increased digital customer services and driving the digital business case. A number of initiatives from the Acceleration & Innovation programme will be given focus. Strategic initiatives aimed at possibilities to strengthen Achmea and its performance in the long term are also part of the business plan. The Supervisory Board examined in detail the additional measures proposed by the Executive Board relating to the Acceleration & Innovation programme, partly due to the persisting and growing pressure on the revenue model of insurers.

On the further implementation of the international strategy, in 2015 the focus was on growth in existing markets, partly based on the key qualities in the Dutch operations. 2015 was marked by the transition to profit, revenue growth and preparation for further growth at all foreign subsidiaries (OpCos). The Supervisory Board was kept informed of the progress of implementation of the strategy along the spearheads: deployment of key qualities abroad, international cooperation with Rabobank in the agribusiness and also further cooperation with the Eurapco partners in Europe. Moreover, the Supervisory Board demanded particular attention for the possibilities and opportunities for entering new markets as an innovative, digital insurer. The Supervisory Board was pleased to note the improvements in premium revenue and results in virtually all the foreign subsidiaries currently included in the portfolio, i.e. Eureko Sigorta in Turkey, InterAmerican in Greece, Union in Slovakia and Friends First in Ireland.

Composition of the Executive Board

The Executive Board’s composition and that of the Supervisory Board were also on the agenda on several occasions. Ms Bianca Tetteroo joined the Executive Board as of 15 June 2015 to fill the vacancy created by the retirement of Mr Danny van der Eijk following his sabbatical from 1 January to 30 April 2015. The appointment of Mr Robert Otto as a member of the Executive Board as of 17 August 2015 filled the vacancy created as a result of the retirement of Mr Jeroen van Breda Vriesman on 24 July 2015.

The latter was prompted by an investigation launched by the Public Prosecution Service (Openbaar Ministerie) on 19 August 2014 into the Achmea Health Centers. This investigation was started after Achmea had taken the initiative to report the issue to the Dutch tax authorities in early 2014. In July 2015, given the amount of time that had elapsed and the uncertainty about the period within which the case would be completed, the Supervisory Board and Jeroen Van Breda Vriesman agreed that he would resign on 24 July 2015. The Executive Board and the Supervisory Board both regret this turn of events. However, they consider his departure as unavoidable given the situation that had arisen.

Achmea Health Centers B.V. has since agreed a settlement with the Public Prosecution Service.

Composition of the Supervisory Board

The Supervisory Board’s composition was also an item on the agenda. Ms Mijntje Lückerath-Rovers and Ms Joke van Lonkhuijzen-Hoekstra were reappointed by the General Meeting of Shareholders as members of the Achmea B.V. Supervisory Board effective 26 March 2015. As of the same date, Mr Paul Overmars retired as a member of the Supervisory Board of Achmea B.V., Achmea Schadeverzekeringen N.V. and Achmea Zorgverzekeringen N.V. and their subsidiaries.

The vacancies which arose as a result of the retirement of Mr Paul Overmars were filled with the appointment of Mr Wim de Weijer in February 2016.

Finance and risk

In each quarter of 2015, the Supervisory Board discussed Achmea’s financial situation in detail based on the half-year and quarterly figures, in addition to discussing and approving the Annual Report and financial statements over 2014. At these discussions on the annual and half-year reports, also attended by the external auditor, the main focus was on revenue, income, costs, risks and FTEs. The Supervisory Board and Audit & Risk Committee meet regularly, also with the external auditor, to discuss important issues relating to the financial statements. The Supervisory Board urged the Executive Board to focus on the number of external FTEs and to steer accordingly. The Executive Board and the Supervisory Board agree that the process for compiling the rolling forecast needs to be further embedded in the organisation.

Risks and their effect on Achmea were again a major topic for the Supervisory Board in 2015. This includes the Group’s risk appetite, risk and compliance reports, which are discussed each quarter, and any special, new risks which are evolving. For example, in 2015 the Board examined in detail the introduction of the Solvency II Partial Internal Model, the product approval process (PARP), the risks involved in a possible Grexit, cost allocation at Pension & Life and the embedding of privacy legislation into the company. The Supervisory Board concluded that the focus on risk appetite has been further embedded in the organisation and corporate planning over the course of the year and that the integral risk reporting has improved further. Attention was also devoted to a Recovery Plan in the event of crisis situations, as also required by supervisory authority DNB.

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The result over 2014 was insufficient to pay a dividend to ordinary shareholders in line with the applicable dividend policy. However, the Supervisory Board did approve the proposal by the Executive Board to pay a dividend to preference shareholders.

Portfolio Management

The Supervisory Board examined the restructuring of the banking activities in 2015, as part of which the Staalbankiers mortgage portfolio was transferred to Achmea Bank. Although both entities have their own Supervisory Boards, the Supervisory Board was involved due to its responsibility at Group level for these and other entities and it approved the transaction.

Compliance with laws and legislation and auditing

In 2015, the Supervisory Board noted that the compliance requirements arising from laws and regulations, external supervision and (inter) national (industry) organisations again have increased. There is also a clear increase in the role of the Supervisory Board in monitoring these changes and the role of the Executive Board in implementing them. The Supervisory Board views the clarity and transparency of the requirements imposed by supervisory authorities positively, but the amount of time this entails, both for the Executive Board and the organisation, remains high and is increasing.

The Supervisory Board and its committees discussed a variety of issues, including the new regulatory framework for privacy and the introduction of Solvency II.

The Audit & Risk Committee and the Supervisory Board also conducted in-depth discussions with the external auditor and Internal Audit on the conclusions in the management letter and the audit memorandum. Topics for discussion included removing bottlenecks to innovation in the business, accelerating the rate of IT renewal, as well as the migration towards becoming a digital insurer. Other topics included those relating to guaranteeing the reliability of the Solvency II reporting process and data governance, as well as getting customer advice in order in different financial services, such as pensions, mortgages and income insurances.

Remuneration

Achmea has a Remuneration Policy, which is in line with the principles laid down in legislation, such as the 2015 Act on Remuneration Policies of Financial Undertakings (WBFO), (international) regulation on the basis of which DNB and AFM conduct supervision, and self-regulation such as the Insurers' Code that applied up to 31 December 2015 and the Banking Code (please also see the section on Corporate Governance for more information on exceptions).

Over the past few years, Achmea has implemented various amendments and economies to the remuneration policy for board members and senior management. In line with the Regulation on Sound Remuneration Policies under the Wft 2014, in its capacity as most senior body the Supervisory Board supervises the policy and general business of the financial company, including the end responsibility for the remuneration policy. In this respect, it ensures that the Group's remuneration policy meets the principles for a sound remuneration policy. Achmea's Remuneration Committee monitors the Group's remuneration policy and advises the Supervisory Board on this. The Remuneration Committee also advises the Supervisory Board on the remuneration of the members of the Executive Board and the Supervisory Board.

The Act on Remuneration Policies of Financial Undertakings (WBFO) came into effect in 2015. Where necessary, Achmea had already implemented changes in 2014 in order to comply with the WBFO in 2015. For instance, in the Achmea Collective Labour Agreement bonuses have been restricted to a maximum of 20% for the limited group of employees in the Netherlands who were eligible for bonuses in excess of 20%. For Dutch employees whose remuneration does not derive exclusively from the Achmea Collective Labour Agreement, this was already in line with the WBFO in 2014. This is because the bonuses for this category had already been more than halved in 2012 and 2013. Since 2011, the Achmea remuneration policy for the Netherlands and abroad has stipulated maximum bonuses of 100% of the fixed remuneration on an annual basis in order to control the bonuses of foreign employees as well. The WBFO stipulations relating to maximising any severance payment for board members and day-to-day policymakers were also met in 2015. Severance payment of a maximum of 100% of their fixed remuneration on an annual basis applies to these employees. This was already the case for board members in 2014. This condition was met for day-to-day decisiontakers as of 1 July 2015.

Achmea will release detailed information on its remuneration policy in the 2015 Achmea Remuneration Report that will be published in May 2016 and published at www.achmea.nl.

In 2015 the Remuneration Committee advised the Supervisory Board on remuneration for the members and the Chairman of the Supervisory Board. The recommendation was to leave remuneration for Supervisory Board members unchanged and to set remuneration for the chairs and members of the Supervisory Boards of the three supervised undertakings (Otso's). Furthermore, it recommended raising the remuneration for the Chairman of the Supervisory Board. The most recent amendment to the remuneration of the Supervisory Board had been carried out in 2011 based on the amount of time then spent on duties. The average amount of time spent on their duties by Achmea's Supervisory Board members has risen sharply over the past few years.

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Increasing demands are being made on the Supervisory Board members time, particularly that of the Chairman, whose time spent on duties has increased fivefold since 2011 to an average of three days a week. Moreover, the requirements with respect to expertise and the responsibilities have become tougher over the past few years. In 2015 Achmea B.V.'s General Meeting of Shareholders decided to raise the remuneration for the Chairman of the Supervisory Board. This increase is based on and limited to a reimbursement for participation by the Chairman to several committees of the Supervisory Board. In 2015 Achmea B.V. in her capacity as shareholder of the three core Otso's decided to establish a reimbursement for the chairmen and members of the Supervisory Board of the core supervised undertakings (Otso's).

Permanent education

Two permanent education sessions were organised for Supervisory Board members in 2015. All the sessions were attended by almost all the Supervisory Board members. Several members of the Supervisory Board also attended a masterclass on Solvency II.

At the first permanent education session, Otso governance was discussed and explained in detail, as well as the policy relating to corporate social responsibility. The second session dealt with the Solvency II Partial Internal Model, IFRS, the Liability Adequacy Test and the functioning of the Funds for Future Appropriation (FFA). There was a special focus on the assumptions and principles of the Partial Internal Model.

The Supervisory Board believes that permanent education adds value to the performance of the Supervisory Board and the Executive Board. Further permanent education sessions will be held in 2016. In 2016, attention will be given to (disruptive) innovation and trends in the non-life, health and pension and life insurance sectors.

Evaluation of the Supervisory Board

Each year in June, the Supervisory Board conducts an extensive self-assessment based on feedback forms. Once every three years, this process is conducted using input from an external advisor. In this context, the Chairman of the Supervisory Board also holds individual interviews with Supervisory Board and Executive Board members and includes information obtained in these sessions in the evaluation. The outcome of the evaluation is discussed during a private section of the meeting.

The results of a survey of Board Dynamics in the Supervisory Board conducted by DNB in 2014, based on interviews with all the Supervisory Board members, were adopted by the Supervisory Board. The Supervisory Board's self-assessment looked at the following items in 2015: relations between the Supervisory Board and the Executive Board, the Central Works Council (COR) and other relevant relationships within the company, the level of information provision, relations with shareholders and other aspects of the Supervisory Board's performance, such as education, remuneration, time spent and informal contacts. The evaluation concluded that the Supervisory Board generally performs well, that cooperation within it and with the committees works properly. There is room for debate and the Board acts independently and is well-equipped for its tasks. The thorough preparatory tasks conducted by the committees increase the efficiency of the Supervisory Board's meetings. The preparations conducted by the Executive Board are also assessed positively.

The suggestions for improvement in 2015, including more time being made available for succession planning, informal contacts within the company, such as Young Achmea, the relationship with supervisors and the digitisation of meeting documents have been taken up, as well as more frequent meetings without Executive Board members. Among others, the following suggestions for improvement in 2016 were discussed: more formal feedback from the Supervisory Board committees to the Supervisory Boards of the subsidiaries, feedback as standard on recommendations and resolutions by the Supervisory Board, of the subsidiaries to the Group Supervisory Board, and greater attention to innovation and trends in societal developments and their impact on strategy.

The Chairman of the Supervisory Board also visited almost all the director teams of the divisions and staff services in 2015.

Each year the Supervisory Board visits companies within the Group. In 2015, a meeting was held at Swiss Mobiliar in Bern, Switzerland, at which the Supervisory Board members talked to the CEO and director team of Swiss Mobiliar. The visit to Swiss Mobiliar was combined with a corporate visit to the Eurapco organisation in Zurich. A visit was paid to De Friesland Zorgverzekeringen in December.

Dilemmas

In 2015, the Supervisory Board also discussed a number of dilemmas, including demarcation of the allocation of roles between the Supervisory Board in its capacity as an internal supervisor and the external supervisor, the influence of new innovative and disruptive technologies on strategy and the impact of the substantial charge of the health business reserves to restrict increases of basic health insurance premiums. The Board recognises that at the same time, when using this charge, Solvency II stipulates that larger buffers are required in order to be able to meet future liabilities.

Relations with shareholders

With the exception of the General Meeting of Shareholders, the Supervisory Board as a corporate body has restricted contact with shareholders. The Chairman of the Executive Board is the primary point of contact for shareholders. However, the Chairman of the Supervisory Board does hold regular meetings with shareholders on topics such as proposals for the appointment of Supervisory

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Board members and talks to them in the context of the General Meeting of Shareholders. In doing so, the Chairman is always invited to attend meetings of Vereniging Achmea, the majority shareholder of Achmea B.V., as an observer. The Chairman of the Supervisory Board explained the supervision conducted by the Board to the Members Council of Vereniging Achmea in March 2015.

Relations with the external auditor

PricewaterhouseCoopers Accountants N.V. (PwC) is the Group's external auditor. The Chairman of the Supervisory Board and the Chairman of the Audit & Risk Committee meet annually with the external auditor's lead partner. In 2015, the Audit & Risk Committee also held two private meetings with the external auditor, at which topics for discussion included the Acceleration & Innovation programme, the IT transformation, the Solvency II Partial Internal Model, the quality of the Group's Finance and Risk column, the three lines of defence, the process relating to the year-end closing and the composition of the Supervisory Board. The Supervisory Board discusses the external auditor's performance annually. The external auditor is not present on this occasion.

The Supervisory Board and the Audit & Risk Committee agree that the collaboration with PwC is positive. The two parties enjoy sound and transparent relations. PwC adds value to improving the financial reporting process and challenges the company in a constructive and positive manner. The Supervisory Board has asked PwC to devote particular attention to comparisons with other insurers (benchmarking). The Supervisory Board concluded in consultation with the external auditor that the level of control of the financial reporting risks and internal control within Achmea is sufficient.

Relations with Internal Audit

The Supervisory Board has an autonomous relationship with the Internal Audit department. For instance, the Audit Plan is approved annually by the Audit & Risk Committee. The audit memorandum and the external auditor's management letter together provide the Supervisory Board with an excellent overview of the Group's position and its main points of attention. The Supervisory Board is satisfied with the sound relations between the Audit & Risk Committee and the Director of Internal Audit. The Chairman of the Supervisory Board and the Chairman of the Audit & Risk Committee meet regularly with the Director of Internal Audit. The Supervisory Board discusses Internal Audit's performance annually. The director of Internal Audit is not present on this occasion.

Relations with Compliance

A new Group Compliance Officer was appointed in 2015. The Chairs of the Supervisory Board and the Audit & Risk Committee requested that there be a focus on maintaining the second line role and within this context the provision of knowledge and advice to the first line, without taking on the role of implementation. The quality of the compliance column improved further in 2015.

Relations with the Central Works Council

All Supervisory Board members took it in turn to attend a meeting of the Central Works Council in 2015. The Supervisory Board notes that there are sound working relations and a constructive and open dialogue between the Executive Board and the Central Works Council. Relations between the Supervisory Board and the Central Works Council are good. Given the large number of personnel expected to leave the company over the next few years, the Chairman of the Supervisory Board discussed the impact of the Acceleration & Innovation programme with the Central Works Council as this will demand a great deal from both the Board and Works Council members. For this, the sound relations of the past few years will be an important foundation. In line with their legally enhanced right of recommendation, the Central Works Council may propose candidates for three of the nine Supervisory Board seats. The Central Works Council agrees that in line with corporate governance all Supervisory Board members are independent following their appointment and exercise their duties without pressure or consultation.

Conflicts of interest

In line with the Dutch Corporate Governance Code, transactions involving Supervisory Board members in which there are conflicts of interest must be listed in the Annual Report. When necessary, the Chairman of the Audit & Risk Committee report took on the role of acting Chairman in 2015. This was the case during the discussion on the future of Staalbankiers, as the Chairman of Achmea's Supervisory Board is also Chairman of Staalbankiers' Supervisory Board. The Chairman of the Audit & Risk Committee led the discussion on this in the Supervisory Board.

AUDIT & RISK COMMITTEE REPORT

In 2015, the Audit & Risk Committee's ordinary meetings were often dominated by monitoring the results during the reporting period, evaluating and discussing the annual and interim financial statements for external publication and the quarterly figures for publication to shareholders for consolidation purposes and discussing the corresponding reports by the external auditor. Throughout the year, the risk reports, compliance reports and audit memoranda were also discussed in detail, and the actuarial certification and the Pension Fund Governance report were discussed annually.

Meetings are always attended by the Chairman of the Executive Board, the Chief Financial Officer, the Chief Risk Officer, the directors of Finance, Internal Audit and Risk Management and the external auditor. Specialists may be invited to attend part of the meeting for discussions on specific topics.

During the meeting to discuss the 2014 financial statements, a great deal of attention was devoted to Achmea's solvency and liquidity levels, the proposed dividend payment to preference shareholders, the liability adequacy test as of year-end 2014, the impact of the low interest rates (including on the liability adequacy test), the write-down of intangible fixed assets and goodwill and the successful placement of a perpetual bond.

The Board also examined adjustments to the Group's financial management model, including focusing more on economic value management in addition to financial management. Other management criteria (such as strategic considerations, profit before tax and S&P capital requirements) do of course remain as relevant as ever. The Audit & Risk Committee obtained a good overall picture of the financial management model and endorses it.

The committee discussed the progress on the Acceleration & Innovation change agenda, partly based on the Rolling Forecast and the 2015-2017 Business Plan at each meeting. In-depth discussions were held on the FTE and cost reduction targets in this respect, on Achmea's capital, liquidity and solvency positions and measures to improve these. Other topics discussed by the committee include the impact of the creation of a General Pension Fund, the risks involved in a possible Grexit, the 2015 Recovery Plan, the Regular Supervisory Report (preparatory Solvency II report), the 2014 Achmea Valuation and cost allocation within Pension & Life.

The committee was also fully involved in and consulted about the Recovery Plan which the Executive Board finalised in mid-2015 at the request of De Nederlandsche Bank. The committee challenged and advised the Executive Board on the different scenarios and agrees with the measures proposed by the Executive Board if any of the described situations should occur. The committee concluded that it is highly logical to have this type of plan in place and that it contains measures that could be implemented now. At the same time, the committee noted that there is a risk of the focus shifting to the individual underlying licence-holding entities, while it is important to assess this type of plan in relation to the interests of the Group as a whole. The committee's suggestion to include the role of the Supervisory Board in the Recovery Plan was also adopted.

The committee also discussed the application of the Solvency II Partial Internal Model in detail. During the year, it was decided to retrieve the market risk model and health model from the original application and offer these for separate assessment. This has an impact on capital and liquidity planning. The committee discussed the considerations to this end in detail and endorsed them. The committee underlined the importance of submitting the market risk model and health model at a later date.

The Compliance report and an update from Internal Audit were also discussed, including the important topics of the right steps required to achieve customer centricity and points for attention relating to the product approval process (PARP) and the privacy policy. Sound progress has been made on all topics; it is important that PARP and implementation of the privacy policy are further embedded in the organisation.

Several discussions were held on IT throughout the year. After all, this is a crucial factor in achieving the plans within the Acceleration & Innovation programme. Although major steps ahead have been made in 2015, the committee did request attention for the pace at which changes occur, as IT has become a delaying factor in the realisation of several Acceleration & Innovation themes.

The committee agrees with the Executive Board that in light of the half-year result, which was good, the composition of the result needs to be improved, in terms of both the financial and the operational result. Sound progress has been made on major matters such as Overall Retirement Proposition (ODV) and Customer Centricity (Klantbelang Centraal). The committee endorses the measures taken by the Executive Board to achieve a structural improvement in the non-life and income protection result.

With respect to Solvency II, intensive discussions were held on solvency limits for the licenced entities. In doing so, a detailed look was taken at the interest of both Achmea B.V in receiving the dividend payments from the regulated entities for funding the holding activities which are also conducted for the benefit of the Group as a whole, and of the interest of the Otso's in having sufficient levels of capitalisation to be able to absorb any shocks. The committee considered all the interests involved carefully and in this respect issued positive recommendations to both the Supervisory Board and the Supervisory Boards of the relevant Otso's to agree with the proposed Solvency II limits. It was agreed, however, that all future dividend payments, also if they comply with the abovementioned limits, will need to be assessed on their individual merits.

The 2016-2018 Business Plan and the 2016 Budget were adopted at the end of 2015. These encompass the transition to being a digital insurer and the completion of the Acceleration & Innovation programme, especially the migration to increased digital customer services and the digital business case. There will also be a focus on a number of initiatives from the management agenda. The Business Plan also includes strategic initiatives aimed at possibilities to strengthen Achmea and its performance in the long term. The committee examined in detail the proposed additional measures deemed necessary by the Executive Board, partly due to the persisting and growing pressure on the earnings model of insurers. The committee endorses and emphasises the need to take additional measures in order to increase profitability.

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The committee and PwC discussed PwC's management letter, including the pressure on the Acceleration & Innovation programme, the continued development of the rolling forecast process, internal control in the first line, the positive steps in strengthening the compliance function and the revision of business models and strategic activities to safeguard future profitability.

The committee questioned both PwC and the Executive Board on the findings in the management letter. To the satisfaction of the committee, it was concluded that all the topics dealt with are within the scope of the Executive Board and that the suggestions are being taken seriously by the Executive Board.

The company's risk management and risk appetite are important topics for the Supervisory Board, especially in the current financial climate. The committee advised the Supervisory Board on discussions on the risk appetite, including integral risk reporting and ORSA. Both the risk appetite and risk policy were re-adopted with a few changes compared to 2014. The internal control statement was discussed with the Executive Board. Following a thorough assessment of the risks and how Achmea controls these, the Executive Board listed the main risk points for specific planning and monitoring. The committee examined these measures closely together with the Executive Board and the Risk & Compliance department; the committee shares the Executive Board's analysis of these topics. Other topics which the committee discussed extensively with the Executive Board included the annual Internal Audit/PwC 2016 Audit Plan, the 2016 investment plan and the corresponding steering/monitoring. The committee was pleased to be informed that Standard & Poor's has maintained its ratings for Achmea, making Achmea the only Dutch insurer not to have been downgraded since the financial crisis.

Finally, the committee spoke on several occasions about the Group's tax position and several special files in this case, and discussed in detail the process of the renewal of PwC's contract as external auditor. In doing so, the planned rotation schedule for the partners involved and PwC's outside-in view advocated by the Audit & Risk Committee were also discussed. After thorough consideration, the Audit & Risk Committee issued a positive recommendation to the Supervisory Board to nominate PwC for reappointment to the General Meeting of Shareholders. The General Meeting of Shareholders reappointed PwC for a four-year period on 26 March 2015.

REMUNERATION COMMITTEE REPORT

Responsible remuneration

As mentioned earlier in this section, responsible remuneration is an important subject for Achmea (for more information please also see the section on Remuneration). Since the introduction in 2011 of an amended responsible remuneration policy, which includes the principles of the Governance Principles Code, Achmea now has regulations for bonuses which meet the tighter supervisory requirements in full. Application of and compliance with this policy is an important topic for the Remuneration Committee.

Remuneration Committee meetings usually include reports from the staff departments tasked with the implementation of key controls in areas such as target setting, implementation clauses, the setting of risk takers and the remuneration policy at the subsidiaries which are remote due to their own governance. Changes to the remuneration policy are also discussed, such as the amendment in 2014 and 2015 of the written remuneration policy to meet the requirements of DNB's Regulation on Sound Remuneration Policies under the 2014 Wft and the 2015 Act on Remuneration Policies of Financial Undertakings (WBFO). Adjustments to the pension scheme were also a recurring topic for discussion. After it was decided in 2012 to adopt an average pay scheme for the Executive Board, this was also adopted for directors in 2013. The scheme for the Executive Board was consequently aligned with the scheme for directors, which went beyond some points. As of 1 January 2014, the pension scheme is the same in terms of content for all Dutch employees – personnel under the Collective Labour Agreement, senior management and the Executive Board. Up to 1 January 2015, the pension scheme for the Executive Board was still executed by the insurer. As of 1 January 2015, the basic pension scheme for all, including the Executive Board, is executed by Stichting Pensioenfonds Achmea (SPA).

The Remuneration Committee discussed the changes before they were approved by the Supervisory Board. This also applied to the amendment as of 31 December 2014 which proved necessary due to the restriction of pension accrual above the tax limit (in 2015: €100,000).

Performance review

During 2015, the Remuneration Committee reviewed the performance of the Executive Board using previously formulated targets, which at Achmea are based on the four-stakeholder approach: customers, employees, (business) partners and shareholders. These targets are composed in a balanced manner in relation to all perspectives including profit; customer interests and satisfaction; cooperation with business partners, such as Rabobank and brokers; metrics for compliance and risk management; employee satisfaction; and metrics relating to corporate social responsibility. The committee subsequently makes a proposal for the variable income component.

Due to the state-guaranteed loan issued to Achmea Bank in 2011, based on legislation implemented later in 2012, no bonuses were paid out to the Executive Board until 2015. This loan has been reimbursed on 3 November 2014, resulting in this restriction no longer applying.

2015 Remuneration Report

A detailed summary of the remuneration for the active members of the Executive Board is given in the financial statements, note 29 "Transactions between affiliated parties".

The remuneration package for Executive Board members includes the potential award of a bonus and pension in addition to the fixed remuneration.
The Remuneration Committee decides on the award of bonuses in the year following on from the performance. The award of bonuses in any year therefore relates to performance in preceding years. In 2015 it was decided not to award any bonuses over 2014 due to the Bonus Prohibition Act which applied during part of 2014, but also because the Supervisory Board and the Executive Board decided to refrain from this.

When variable remuneration is awarded in any given year, payment of half of the amount is postponed for five years. In 2015 there were no downward adjustments or clawback of remuneration awarded to the Executive Board relating to previous years (2014: nil).

The pension scheme which applies to directors and personnel under the Collective Labour Agreement also applies to Executive Board members. The tax rules relating to pension accrual were overhauled on 1 January 2015. From now on, pension accrual is maximised at an annual legally stipulated limit (in 2015: €100,000). Agreements have been made for all employees, including the Executive Board, on a different use for contributions to pension accrual above this tax limit. This is done in the form of an employer contribution to the net pension scheme above the tax limit and also a (gross) wage supplement above the tax limit. For more information on remuneration, please see the remuneration report which will be published on our websites www.achmea.nl and www.achmea.com in May 2016.

SELECTION & APPOINTMENT COMMITTEE REPORT

The Selection & Appointment Committee's task is to monitor the composition and profile of both the Supervisory Board and the Executive Board. The committee looks for and makes recommendations regarding potential candidates, in some cases in consultation with shareholders or the Central Works Council.

Mutations and vacancies

In 2015 the main priorities were the selection and appointment of Executive Board members with a view to filling vacancies and the selection and nomination of a new member for the vacancy that had arisen in the Supervisory Board.

Ms Bianca Tetteroo's suitability and many years of experience in the financial sector, including as head of Achmea's Pension & Life Division, led to the committee selecting her and following the assessment by DNB she was duly appointed a member of the Executive Board by the Supervisory Board as of 15 June 2015. Her appointment meant that the vacancy that had arisen on the departure of Mr Van der Eijk was filled.

The committee selected Mr Robert Otto thanks to his suitability and many years of experience, including as Chairman of Achmea's Non-Life & Income Division, and following the assessment by DNB, the Supervisory Board appointed him as a member of the Executive Board as of 17 August 2015; he fills the vacancy that had arisen as a result of the definitive withdrawal of Mr Jeroen van Breda Vriesman as of 24 July 2015.

The Supervisory Board was pleased to note that due to succession planning it had been able to appoint members to the Executive Board from within the company. The decisive factors in this selection process were maintaining and strengthening the right mix of skills. The outcome of this selection process means that this appointment also serves the interests of greater gender diversity.

The committee also discussed the composition of the Supervisory Board. Ms Mijntje Lückerath-Rovers and Ms Joke van Lonkhuijzen-Hoekstra were reappointed by the General Meeting of Shareholders as members of the Supervisory Board of Achmea B.V. effective 26 March 2015. On 26 March 2015, Mr Overmars retired as a member of the Supervisory Board of Achmea B.V. after many years of service at Achmea. He will remain as Chairman of Vereniging Achmea. The Selection & Appointment Committee examined his succession, in which experience in the healthcare sector and/or health insurance plays an important role. The vacancy which arose as a result of the retirement of Mr Paul Overmars was recently filled with the appointment of Mr Wim de Weijer.

Succession planning

The Selection & Appointment Committee regularly discussed succession planning for the Supervisory Board, the Executive Board and for the first management layer below the Executive Board in 2015. This discussion was also held in the full Supervisory Board in 2015. Discussions included Achmea's Management Development policy, including the focus on internal training and promotion, as well as steps to increase diversity. The Supervisory Board also discussed succession planning at the Group's Management Committee (Groepsraad) level.

This provided the Supervisory Board with thorough insight into the management capacities within the Group. The Supervisory Board recognises the importance of a balanced male/female ratio in the Executive Board and the senior levels of the company, and in this context it has encouraged the Executive Board to aim for a further increase in the number of women in senior positions in the company.

2015 Annual Report and dividends

PwC audited the Achmea B.V. 2015 financial statements and issued an auditor's report on 4 April 2016. In line with the proposal by the Executive Board and the recommendation by the Audit & Risk Committee, the Supervisory Board recommends shareholders to adopt the 2015 financial statements. Based on the current dividend policy and after adoption of the financial statements by the General Meeting of Shareholders, the Executive Board proposes payment of a dividend of €0.36 per ordinary share (2014: no dividend). In the case of preference shares, the Executive Board recommends that the General Meeting of Shareholders agrees to the payment of the full dividend equal to 5.5% of the fully paid-up capital. Apart from the adoption of the financial statements, the General Meeting of Shareholders will also be requested to grant discharge from liability to the members of the Executive Board for their management of the company and its activities and to grant discharge from liability to the members of the Supervisory Board for their supervision exercised in the 2015 reporting year.

ACKNOWLEDGEMENTS

We would like to take this opportunity to thank the Executive Board, the Central Works Council and all Achmea employees for their enormous dedication and the enthusiasm they have displayed over the past reporting year. Mr Paul Overmars retired during the General Meeting of Shareholders on 26 March 2015. We would like to thank him for his many years of commitment to Achmea, its legal predecessors and its subsidiaries, and the valuable contribution he has made to our Group. We are also grateful to Mr Danny van der Eijk and Mr Jeroen van Breda Vriesman for all they have done for Achmea in their respective roles.

4 april 2016

The Supervisory Board

E.A.J. (Erik) van de Merwe, Chairman
A.J.A.M. (Antoon) Vermeer, Vice-Chairman
P.H.M. (Petri) Hofsté
S.T. (Joke) van Lonkhuijzen-Hoekstra
M. (Mijntje) Lückerath-Rovers
A.C.W. (Lineke) Sneller
A.W. (Aad) Veenman
W.H. (Wim) de Weijer (as of 3 February 2016)
R. Th. (Roel) Wijmenga

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Corporate governance

MAIN DEVELOPMENTS IN 2015

Achmea B.V. is a private limited liability company domiciled in Zeist, the Netherlands. Although in real terms Achmea is governed, organised and managed in the same manner as many listed organisations, its origins as a cooperative contribute to the way corporate governance is structured at the Supervisory Board and shareholder levels. Achmea adheres to the following relevant corporate governance codes: the Dutch Insurers' Code, the Dutch Banking Code and the Dutch Corporate Governance Code.

Changes in the Executive Board

The vacancy on the Executive Board was filled on 15 June 2015 with the appointment of Ms Bianca Tetteroo. This vacancy was created following the retirement of Mr Danny van der Eijk after his sabbatical from 1 January to 30 April 2015, up to which time Ms Tetteroo served as head of Achmea's Pension & Life division. The appointment of Mr Robert Otto as a member of the Executive Board as of 17 August 2015 filled the vacancy created as a result of the retirement of Mr Jeroen van Breda Vriesman on 24 July 2015.

The latter was prompted by an investigation launched by the Public Prosecution Service (Openbaar Ministerie) in August 2014 into the Achmea Health Centers and the possible incorrect tax treatment of leases dating from 2007. The Executive Board submitted this issue to the Dutch tax authorities in early 2014, of which the Supervisory Board had been informed at the time. Mr Van Breda Vriesman temporarily stepped down from the board in September 2014. In July 2015 the amount of time elapsed and the uncertainty about the period within which the case would be handled by the Public Prosecution Service had become a decisive factor, and Mr Van Breda Vriesman and the Supervisory Board agreed that he would resign on 24 July 2015.

The Executive Board and the Supervisory Board are grateful to Mr Van der Eijk and Mr Van Breda Vriesman for all they have done for the company in their respective roles.

Changes in the Supervisory Board

Ms Mijntje Lückerath-Rovers and Ms Joke van Lonkhuijzen-Hoekstra were reappointed by the General Meeting of Shareholders as members of the Achmea B.V. Supervisory Board effective 26 March 2015. As of the same date, Mr Paul Overmars retired as a member of the Supervisory Board of Achmea B.V., Achmea Schadeverzekeringen N.V. and Achmea Zorgverzekeringen N.V. and their subsidiaries. The vacancies which arose as a result of the retirement of Mr Overmars were recently filled with the appointment of Mr Wim de Weijer.

CORPORATE GOVERNANCE CODES

Insurers' Code/ Insurers' Code of Conduct

Since the 2011 financial year, Achmea has been reporting in its Annual Report about the Insurers' Code (Insurance Governance Principles), which was drafted by the Dutch Association of Insurers in 2010. The Dutch Insurers' Code was withdrawn effective 1 January 2016, prompted by the observation by the Dutch Association of Insurers that there is a great deal of overlap between the principles from the Insurers' Code and existing laws and regulations. Since the majority of the principles have therefore become redundant, the Association observed that self-regulation for these principles no longer adds any value. The principles which are not redundant, relating to the conscientious treatment of customers and the life-long education of directors and internal supervisors, will be included in the Insurers' Code of Conduct. This Code of Conduct (the most recent version dates from 2011) combines existing and new self-regulation of the sector with general provisions, including core values and rules of conduct. Based on the Code of Conduct, insurers give more depth to their public role based on their corporate vision. Achmea is doing this by means of, for example, the identity and strategy map, and has integrated this into its processes and the Achmea Code of Conduct, among other policies. For information about the embedding of principles on careful customer treatment, please refer to the chapter 'Our customers' in this Annual Report. Details on how life-long education of directors and supervisors is integrated into the organisation is included in the relevant paragraphs in this chapter.

Banking Code

The services we provide to our customers also include banking activities, which are provided through Achmea Bank N.V. and Staalbankiers N.V. The new Banking Code entered into force on 1 January 2015. The Banking Code, Het Maatschappelijk Instituut (the Social Institute) and the rules of conduct associated with the Bankers' Oath together make up the Future-Oriented Banking (Toekomstgericht Bankieren) package. The purpose of this package is to play a key role in restoring trust in society in relation to banks and their roles in society. Achmea Bank N.V. and Staalbankiers N.V. comply with virtually all the requirements under the Code. Achmea Bank N.V. and Staalbankiers N.V. account for their compliance with the principles from the Banking Code through their websites, www.achmeabank.nl,

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www.achmeabank.com and www.staalbankiers.nl. We use specific examples to indicate how the principles were complied with. In those cases where a principle was not applied, or not applied completely, this is explained on the website.

Dutch Corporate Governance Code

Since 1 January 2004, listed companies in the Netherlands have been required to report on compliance with the Dutch Corporate Governance Code on a 'comply or explain' basis. Although Achmea is not a listed company, we have voluntarily adopted and embedded the majority of the Code's principles in our governance structure. Where applicable, we are almost fully in compliance with the principles and best practices. In 2015, as in previous years, we had not fully complied with the following two principles of the Dutch Corporate Governance Code:

- The duration of the appointment of members of the Executive Board (principle II.1.1.)
- The independence of members of the Supervisory Board (principle III.2.2.)

The Code recommends that members of the Executive Board be appointed for four-year terms. The only exception where Achmea does not comply with this principle is for the Chairman of the Executive Board, who is appointed for an indefinite period of time. This contractual agreement is complied with.

Although all members of Achmea's Supervisory Board are independent in 'mind' and 'appearance', two of the eight members of the Supervisory Board of Achmea B.V. did not comply with principle III.2.2 f. on 31 December 2015. This is because they are Executive Board members or Supervisory Board members of a party that holds more than 10% of Achmea's shares. Members of Achmea's Supervisory Board are nominated by our shareholders (i) Vereniging Achmea, (ii) Rabobank, (iii) Gothaer Allgemeine Versicherung, Gothaer Finanz Holding and Schweizerische Mobiliar Holding jointly, and by the Central Works Council (COR). Mr Veenman is also a Board member of Vereniging Achmea, which is composed of customers' representatives, while Mr Van de Merwe also serves as a member of the Rabobank Supervisory Board. However, this is considered highly appropriate for Achmea because of its identity as a cooperative and the relationship with shareholders whose focus is more on the interests of the customer and Achmea's continuity. In addition, no single group of members of the Supervisory Board nominated by individual shareholders or the Central Works Council has a majority on the Supervisory Board. Although members of the Supervisory Board are nominated by individual shareholders and/or the Central Works Council, they are ultimately appointed by the General Meeting of Shareholders on the basis of their expertise and independence and take part in the meetings without reference to or prior consultation with the parties that nominated them.

The manner in which we have adopted and embedded the Corporate Governance Code was discussed with, and has been approved by, the Supervisory Board. The General Meeting of Shareholders has likewise approved our current corporate governance structure.

ETHICS COMMITTEE

The Achmea Ethics Committee advises the Executive Board and group entities on ethical dilemmas. It does so by assessing ethical and societal issues, as well as practical situations, against our company's values and standards. This makes it possible to develop 'moral case law' and formulate ethical and moral guidelines specifically for Achmea. Any Achmea employee may submit an ethical question or dilemma to the Ethics Committee. The Ethics Committee is chaired by Mr Timmer (CRO) and consists of employees from different business units and an external member. Subjects handled by the Ethics Committee in 2015 included the following:

- Responsible investment
- After care Investment linked insurance
- Achmea General Code of Conduct
- Financial industry oath and affirmation
- Guaranteeing and communicating about ethics within Achmea
- Ethical aspects in terms of procurement
- Various practical situations in which ethical aspects are relevant

Achmea Code of Conduct

Achmea aims to be a leader in terms of its own rules of conduct and in terms of anticipating current and new regulations. For example, it requests that all employees take a special oath or affirmation for the financial industry, which is in line with the Achmea identity. Active control exercised to foster integrity and prevent integrity violations and fraud reduces any negative impact on trust and returns, as well as limiting the cost of claims. Achmea therefore drew up a company Code of Conduct to ensure ethical conduct in accordance with Achmea's values and standards. A copy of the Achmea Code of Conduct is available at www.achmea.nl.

The recording of duties and responsibilities in the area of fraud, risk management and checks guarantees the control and limitation of fraud. Should an ethics violation or incident of fraud nevertheless occur, this can be reported on a confidential basis. A whistleblower policy, a copy of which is available at www.achmea.nl, is in place for this purpose.

EXECUTIVE BOARD

Responsibilities and role in corporate governance

The Executive Board is responsible for managing the company. This involves a responsibility and authority to make decisions concerning Achmea's day-to-day business in accordance with the principles set out in the articles of association. The Executive Board maintains a set of regulations that govern the specific duties and activities of and the division of duties between the individual members, as well as the decision-making process within the Executive Board. The Executive Board is obliged to inform the Supervisory Board of any fundamental differences of opinion between the Executive Board and the boards of Achmea companies or entities. There were no fundamental differences of opinion in 2015. The Executive Board reports directly to the Supervisory Board. Each Board member is directly responsible for specific Achmea activities (for further reference, see the personal profiles of the members of the Executive Board in the 2015 Annual Report), with clear reporting lines of divisional and staff directors. The entire Executive Board is involved in risk management. Risk is the essence of Achmea's business. Involvement in risk management is evidenced by, among other things, the fact that at least one member of the Executive Board are also members of the Finance & Risk Committee (besides the CFO and CRO) and that risk management is regularly discussed in Executive Board meetings.

The Executive Board and its independently acting members ensure that the interests of all parties that have dealings with Achmea, including customers, shareholders and employees, are considered in a balanced way. The Executive Board takes Achmea's continuity, the social environment in which we operate and applicable regulations and codes into account when considering these interests. All members of the Executive Board swore the oath or affirmation.

Achmea has been using the 'four stakeholders' model for many years – this model ensures that overall management and decision-making are in line with the interests of customers, employees, (business) partners and shareholders. This is all embedded in the strategy and identity of the Group as set out in the Strategy chapter and subsequently in the leadership programme, business plans and remuneration policy, and is also part of the considerations in every resolution adopted by the Executive Board. The formulation of targets for the Executive Board and senior management is based on the Stakeholder Value Management model. Since 2012, the annual targets have been ranked according to six different perspectives: customers, society, employees, partners, processes and financials. Barring any special circumstances, all members of the Executive Board attended virtually all board meetings.

Composition and diversity

Members of the Executive Board are appointed by the Supervisory Board on the non-binding nomination of the A-shareholder. Executive Board members are selected based on their proven experience and competence in the financial services industry where we strive for recruitment within the organisation for the appointment of members of the Executive Board. The members of the Executive Board provide a good mix of specific insurance experience (health, non-life, life & pensions) and experience in the public/private market (healthcare, pensions) and the various distribution channels (direct, broker and bancassurance), as well as areas such as Finance, IT and HR. All current Achmea Executive Board members match the general profile for members of the Executive Board and have been approved by the Dutch regulators.

The Executive Board is comprised of six members (five male and one female). Achmea aims to establish a good male/female ratio on the Executive Board. In addition to the aim of maintaining a balance in the Executive Board's skills while ensuring at the same time that newly appointed members have the experience required in terms of insurance, financial and risk, improving gender diversity is included in considerations regarding the filling of Executive Board vacancies. The advancement of women to top positions remains a priority in successor planning for the Executive Board and the management

COMPOSITION OF THE EXECUTIVE BOARD

NAME	NATIONALITY	GENDER	EDUCATION	POSITION	APPOINTED
W.A.J. van Duin (1960)	Dutch	Male	Law	Chairman	January 2004
R. Konterman (1956)	Dutch	Male	Economics	Vice-Chairman	April 2013
H. Arendse (1958)	Dutch	Male	Economics/ Accountancy	Chief Financial Officer	April 2013
R. Otto (1967)	Dutch	Male	Law	Member	August 2015
B.E.M. Tetteroo (1969)	Dutch	Female	Accountancy	Member	June 2015
H. Timmer (1961)	Dutch	Male	Economics	Chief Risk Officer	April 2014

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level immediately below the Executive Board. Although Achmea recognises the importance of greater gender diversity and quality, maintaining and strengthening the right mix of skills remain the key decisive factors in the selection process.

Permanent education

At the beginning of each year, the themes for the permanent education programme of the Executive Board are established in consultation with the Chairman of the Executive Board and the Chairman of the Supervisory Board. This programme is aimed at maintaining and broadening the expertise of the members of the Executive Board.

In addition to these special sessions, which are usually attended together with the members of the Supervisory Board, attention is also given to relevant developments related to areas such as the financial industry, corporate governance, compliance, customer centricity and audit through presentations given by internal and/or external specialists during regular meetings. Members of the Executive Board register their own individual education. Barring exceptional cases, all members of the Executive Board participate in the permanent education sessions. In 2015, permanent education focused on the following topics: Solvency II, Solvency II Partial Internal Model (PIM), IFRS, the Liability Adequacy Test, the operation of the Funds for Future Appropriation (FFA), interest rate trends, governance, management development and Corporate Social Responsibility (CSR).

There was a special focus on the assumptions and principles of the Solvency II PIM, while the choices and assumptions related to the model were also discussed. In 2015, a meeting was held in conjunction with the Supervisory Board at Swiss Mobiliar in Bern, Switzerland, including with the CEO of Swiss Mobiliar. The visit to Swiss Mobiliar was combined with a company visit to the Eurapco organisation in Zurich. The Supervisory Board and Executive Board jointly visited De Friesland Zorgverzekeringen in December. Topics of discussion included the role of De Friesland Zorgverzekeringen in healthcare in the Friesland province, which was partially explained by showcasing the healthcare campaign and the Friesland Voorop partnership.

SUPERVISORY BOARD

Responsibilities and role in corporate governance

The Supervisory Board plays an important role in Achmea's corporate governance. The members of the Supervisory Board are responsible for supervising and advising the Executive Board, and ultimately for approving the Executive Board's conduct and general management of the business. Supervisory Board approval is required primarily for important business-related decisions, such as the appointment and dismissal of members of the Executive Board, strategic decisions, transfer of a significant part of the business, entering into or terminating a long-term partnership, major participations and investments, and termination of the employment of a considerable number of employees or significant changes in the employment conditions of a significant number of employees. This applies irrespective of the fact that fundamental and large-scale strategic changes or investments must have the approval of 80% of the votes in the General Meeting of Shareholders. The Supervisory Board and its individual members have a responsibility to obtain all relevant information needed to perform their duties. These requirements are communicated to the Chairman of the Supervisory Board. Information sources are usually the Executive Board, the Company Secretary and the external auditor. However, if deemed appropriate by the Supervisory Board, information can also be obtained from corporate officers and external advisers who can be invited to attend Supervisory Board meetings or provide permanent education. The Supervisory Board consists of members who, although they are nominated by shareholders or the Central Works Council, act in the interest of the company as a whole in the performance of their duties. All members of the Supervisory Board participate in meetings with no reference to or prior consultation with the parties that nominated them. All members of the Executive Board have sworn the oath or affirmation. Barring exceptional circumstances, all members of the Supervisory Board attend all Supervisory Board meetings and the meetings of the committees of which they are members.

Composition and diversity

The composition of the Supervisory Board and nominations in the event of vacancies reflect the cooperative shareholder structure and employee participation through Achmea's Central Works Council. In conjunction with the shareholders, the company decided in 2013 to reduce the number of Supervisory Board members from twelve to nine or ten, which coincided with a reduction in the number of nominations made by majority shareholders. Vereniging Achmea is authorised to nominate candidates for four[1] seats on the Supervisory Board, one member of which is appointed on the recommendation of De Friesland Zorgverzekeraar (DFZ)[2]. As a result of the merger between the shareholder of DFZ, Vereniging De Friesland Zorgverzekeraar and Vereniging Achmea and the subsequent transfer of DFZ's operations to Achmea, DFZ's right of nomination passed to Vereniging Achmea. As the indirect holder of the A-share, Vereniging Achmea also has the right to appoint the Chairman from among the members of the Supervisory Board. Rabobank may nominate candidates for two[3] seats. Gothaer Allgemeine Versicherung, Gothaer Finanz Holding and Swiss Mobiliar have the right to jointly nominate one candidate. As at 31 December 2015 three[4] members of the Spervisory Board where nominated by the Central Works Council. This arrangement is in keeping with the legal framework of the Central Works Council's right of

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recommendation. The Central Works Council is entitled to directly nominate three members based on a total of nine to ten members of the Supervisory Board.

The members of the Supervisory Board intend to attend a meeting of the Central Works Council at least once a year. All the proposed changes to the composition of the Supervisory Board are submitted for approval to the General Meeting of Shareholders and discussed with the Central Works Council.

The Supervisory Board currently has nine members. When filling these positions, the company's objective is to maintain a balanced mix of skills in the Supervisory Board while at the same time ensuring that the newly appointed member also has the required insurance, financial and risk management experience. Members of the Supervisory Board are selected and appointed based on a profile of the required professional background, education, (international) experience, skills, diversity and independence. The current composition of the Supervisory Board is such that the members can perform their duties properly because of the appropriate mix of experience and expertise. As of 31 December 2015, the Supervisory Board was comprised of four men and four women.

In addition to diversity in terms of knowledge, expertise and age, there is also gender diversity. Achmea's Supervisory Board therefore meets the legal requirement regarding gender diversity.

All members of the Supervisory Board are in compliance with the Management and Supervision (Public and Private Companies) Act in terms of the number of supervisory board memberships that they hold.

1. Van de Merwe, Van Lonkhuijzen, Veenman, vacancy
2. Van Lonkhuijzen
3. at 31 December 2015: Vermeer and Wijmenga
4. at 31 December2015: Lückerath, Sneller and Hofsté

COMPOSITION OF THE SUPERVISORY BOARD

NAME	NATIONALITY	GENDER	POSITION	TERM (MAXIMUM OF THREE TERMS)	START CURRENT TERM
E.A.J. van de Merwe[a] (1950)	Dutch	Male	Chairman	Third	2014
A.J.A.M. Vermeer[b] (1949)	Dutch	Male	Vice-Chairman	Third	2014
P.H.M. Hofsté[c] (1961)	Dutch	Female	Member	First	2015
S.T. van Lonkhuijzen[a] (1960)	Dutch	Female	Member	Second	2015
M. Lückerath[c] (1968)	Dutch	Female	Member	Second	2015
A.C.W. Sneller[c] (1965)	Dutch	Female	Member	First	2013
A.W. Veenman[a] (1947)	Dutch	Male	Member	Second	2013
W.H. de Weijer[a] (1953)	Dutch	Male	Member	First	2016
R.Th. Wijmenga[b] (1957)	Dutch	Male	Member	First	2015

a. Nominated by Vereniging Achmea
b. Nominated by Rabobank
c. Nominated by the Central Works Council

OVERVIEW OF EXPERTISE AS AT 31 DECEMBER 2015

NAME	EDUCATION	MANAGEMENT	GOVERNANCE	INSURANCE	BANKING	FINANCE/ RISK/AUDIT	HR/ REMUNERATION	LEGAL/ COMPLIANCE	COMMERCE/ CUSTOMER CENTRICITY	IT
E.A.J. van de Merwe	Economics	•	•	•	•	•	•	•	•	•
A.J.A.M. Vermeer	Agricultural Science	•	•				•		•	
P.H.M. Hofsté	Economics/ Accountancy	•	•		•	•		•		
S.T. van Lonkhuijzen	Business Administration	•		•			•			
M. Lückerath	Economics		•		•	•	•	•		
A.C.W. Sneller	Econometrics	•				•			•	•
A.W. Veenman	Mechanical Engineering	•	•			•		•	•	•
W.H. de Weijer*	Healthcare Management	•	•	•			•			
R.Th. Wijmenga	Econometrics	•	•	•		•		•	•	

** Member since 3 February 2016*

Permanent education

At the beginning of each year, the themes for the permanent education programme of the Supervisory Board are established in conjunction with the Chairman of the Executive Board and the Chairman of the Supervisory Board. The programme's purpose is to maintain and increase the expertise of the members of the Supervisory Board. In addition to these special sessions, which are typically attended together with the members of the Executive Board, attention is also given to relevant developments related to the financial industry, corporate governance, compliance, customer centricity and auditing through presentations given by internal and/or external specialists. These topics are discussed during regular meetings. In addition, new members attend an introduction programme specially designed for them. Barring exceptional cases, all members of the Supervisory Board attend permanent education sessions. For more information about the training courses attended by our Supervisory Board members in 2015, please see the Report of the Supervisory Board in this Annual Report.

Supervisory Board committees

The Supervisory Board maintains three specialised committees that advise the full Board: the Audit & Risk Committee, the Remuneration Committee and the Selection & Appointment Committee. All members of the Supervisory Board receive the minutes of the meetings of these committees and, on request, also the agenda and accompanying documents.

Financial, control, risk and compliance issues are discussed by the Audit & Risk Committee. These meetings are attended by the Chairman of the Executive Board, the CFO, the CRO, the directors of Internal Audit, Finance and Risk Management and the external auditor. The Audit & Risk Committee holds meetings with the external auditor in the absence of the members of the Executive Board at least twice a year. For more information, please see the Report of the Supervisory Board.

The principal duty of the Remuneration Committee is to advise the Supervisory Board on remuneration policy for the entire Achmea Group (including foreign operating companies).

The Remuneration Committee is responsible for formulating guidelines and monitoring the implementation of and compliance with the remuneration policy for the entire Achmea Group. This responsibility includes advising the Supervisory Board on the performance management (maintaining the balance between short and long-term interests and a focus on customers' interests, for example) of the Executive Board's members. Remuneration is regularly evaluated and the committee assesses whether remuneration

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levels are appropriate in terms of the duties and responsibilities associated with a position. This requires thorough preparation of the policy reviews or corrections necessary to ensure compliance with new legislation and regulations. The Chairman of the Executive Board attends all meetings of the Remuneration Committee except if his own remuneration is on the agenda or in other cases to be determined at the discretion of the Committee Chairman.

The Selection & Appointment Committee's task is to safeguard the composition and profile of both the Supervisory Board and the Executive Board. The committee looks for and makes recommendations regarding potential candidates, in some cases in consultation with the Central Works Council. The Chairman of the Executive Board attends all meetings of the Selection & Appointment Committee except if his own performance is on the agenda or in other cases to be determined at the discretion of the Committee Chairman.

SHARES, SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The majority of Achmea's shareholders are non-listed European organisations with roots as cooperatives. Customers in the Netherlands are directly represented by Achmea's largest shareholder and indirectly through Stichting Administratiekantoor Achmea (STAK Achmea). STAK Achmea is a shareholder that has issued depositary receipts for shares to Vereniging Achmea. STAK Achmea's Board consists of the Chairman and two deputy Chairmen of Vereniging Achmea. The prior approval of Vereniging Achmea's Board is required for the adoption of important resolutions by STAK Achmea. In certain cases, the prior approval of Vereniging Achmea's members' council is also required. At the end of 2015, Vereniging Achmea owned a total of 65.3% of Achmea's dividend rights and 61.6% of the voting rights in the General Meeting of Shareholders.

Rabobank, Achmea's second largest shareholder, is likewise a cooperative organisation. At the end of 2015, Rabobank held a total of 29.2% of the dividend rights in Achmea and 27.6% of the voting rights in the General Meeting of Shareholders.

Other shareholders that collectively represent 5.5% of the dividend rights and 5.2% of the voting rights in the General Meeting of Shareholders are BCP Pension Fund, Stichting Beheer Aandelen Achmea, Gothaer Allgemeine Versicherung, Gothaer Finanz Holding and Schweizerische Mobiliar Holding. Gothaer Allgemeine Versicherung, Gothaer Finanz Holding and Schweizerische Mobiliar Holding are members of the Eurapco alliance of independent European financial services providers (see www.eurapco.com for further information).

Apart from ordinary shares, 5.6% of Achmea's outstanding share capital consists of preference shares held by Achmea Tussenholding B.V., which is under the direction of Achmea's Executive Board. All shares in Achmea Tussenholding B.V. are owned by Stichting Administratiekantoor Achmea Tussenholding, which has issued depositary receipts for shares to investors. Those investors therefore receive the dividend paid on the preference shares. They do not have the right to vote in Achmea's General Meeting of Shareholders. The aforementioned right to vote is held by Achmea Tussenholding B.V.

Shareholders' meetings

In addition to the annual General Meeting of Shareholders, extraordinary meetings of shareholders may also be convened on the basis of legislation and regulations, Articles of Association and business documentation if deemed necessary. An extraordinary meeting may also be convened by shareholders that hold more than 10% of the voting rights. The authority of the General Meeting of Shareholders is restricted because of the statutory two-tier board structure that applies to Achmea. Under the law and agreements in force, certain responsibilities rest with the Supervisory Board. The approval of the shareholders is nevertheless required for important corporate-law issues such as amendments to the Articles of Association; approval of the financial statements and decisions regarding profit appropriation and dividend distribution; resolutions concerning the issue of shares or the granting of rights to subscribe for shares (or instructing the Executive Board to arrange for such issue of shares or granting of rights); the reduction of Achmea's share capital and the appointment and dismissal of members of the Supervisory Board, and resolutions to dissolve, merge or divide Achmea. Crucial strategic resolutions that entail a fundamental change of course in Achmea's strategy and large-scale investments must be approved in the General Meeting of Shareholders by 80% of the votes cast. In the annual General Meeting of Shareholders, which was held in March 2015, resolutions were adopted concerning

SHAREHOLDERS AS AT 31 DECEMBER 2015

	CAPITAL RIGHTS	VOTING RIGHTS
Vereniging Achmea (directly and via STAK)	65.30%	61.63%
Rabobank	29.21%	27.57%
BCP Group	2.77%	2.61%
Gothaer Allgemeine Versicherung AG	0.52%	0.49%
Gothaer Finanz Holding AG	0.59%	0.56%
Schweizerische Mobiliar Holding AG	0.69%	0.65%
Stichting Beheer Aandelen Achmea	0.92%	0.86%
Achmea Tussenholding B.V.*		5.63%

** Preference shares*

the (re)appointment of members of the Supervisory Board and reappointment of the external auditor, next to the regular resolutions concerning the 2014 Annual Report and financial statements, the company's dividend policy, the dividend distribution, and the discharge from liability of the members of the Executive Board and the Supervisory Board. Considerable time was spent answering questions from one of the minority shareholders regarding the governance of the Group. Furthermore, in an extraordinary General Meeting of Shareholders, the members approved a proposed change in the remuneration of the Chairman of the Supervisory Board and the appointment of Mr Wim de Weijer as a member of the Supervisory Board.

Voting rights

Specific rights are attached to A-shares, including the right to make a non-binding recommendation to the Supervisory Board concerning the appointment of members of the Executive Board, the appointment of the Chairman of the Supervisory Board, the approval of a resolution concerning the dissolution, merger or division of Achmea, and the issue and transfer of Achmea shares. Holders of depositary receipts issued for A-shares and ordinary Achmea shares have the right to attend the General Meeting of Shareholders. They do not have the right to vote, however. Shareholders and holders of depositary receipts for shares may authorise someone in writing to represent them. Members of the Executive Board and Supervisory Board are authorised to attend the General Meeting of Shareholders. They have an advisory and informative role in this meeting.

Statutory provisions of the dividend policy

The distribution of dividend is set out in Achmea's Articles of Association. Dividend is owed and payable four weeks after it has been adopted by the General Meeting of Shareholders unless a different date is determined in this regard. The Executive Board may propose to the General Meeting of Shareholders that the dividend be distributed wholly or in part otherwise than in cash. The General Meeting of Shareholders may resolve to distribute all or part of the net profit. On a proposal from the Executive Board, the General Meeting of Shareholders may resolve to distribute an interim dividend. Achmea's dividend policy is detailed in the Capital and Liquidity Management chapter.

Biographies Executive and Supervisory Board members

Executive Board

WILLEM A.J. VAN DUIN (1960)

Chairman of the Executive Board
Willem van Duin joined Achmea in 1987. Before being appointed to the Executive Board in January 2004, he held various positions at holding level and in the Health, Broker and Direct Distribution divisions. He was appointed Vice-Chairman of the Excecutive Board on 1 October 2008, and Chairman on 10 February 2009. In addition to his overall responsibility for Achmea, his core responsibilities include Internal Audit, Corporate Office, Communication, Corporate Strategy & CSR, Personnel & Organisation policy, external supervisors, and the Central Works Council. In addition, he is Chairman of the Board of the European Alliance Partners Eurapco and Vice-Chairman of the Board of the Dutch Association of Insurers (Verbond van Verzekeraars), a member of the board of VNO-NCW and of the Nationale Coöperatieve Raad. Internationally, he is a member of the International Federation of Health Plans (IFHP) and of the Geneva Association.

ROELOF KONTERMAN (1956)

Vice-Chairman of the Executive Board (as of 1 June 2015)
Roelof Konterman has worked for Achmea in various capacities since 1983, including working five years in Sweden and the US. He started as a marketing manager at what is currently Avéro Achmea and also worked as a director at FBTO. Starting in 2000 he held various managerial positions with responsibility for Achmea Health and for health-related operations such as Eurocross and the various Health Services. Since 2008 he has been divisional Chairman of Achmea Health, where he was responsible for the merger of Achmea and Agis in 2011. As of April 2013 Mr Konterman joined the Executive Board. His core responsibilities within the Executive Board include Zilveren Kruis, De Friesland Zorgverzekeraar, International and IM&IT divisions. In addition, he is Chairman of the Supervisory Board of Eureko Sigorta Turkey, a member of the Supervisory Board of Independer, Chairman of the Supervisory Board of InShared, a member of the Supervisory Board of De Friesland Zorgverzekeraar, a member of the Advisory Board of innovation fund LSP, a member of the Advisory Board of Universitair Centrum Sportgeneeskunde and a member of the Advisory Board of Amsterdam Health & Technology Institute.

From left to right: Henk Timmer, Bianca Tetteroo, Roelof Konterman, Willem van Duin, Robert Otto and Huub Arendse.

HUUB ARENDSE (1958)

Chief Financial Officer
Huub Arendse joined the Executive Board of Achmea as Chief Financial Officer in April 2013. Having completed his Business Economics study at VU University Amsterdam, he started his career at Peat Marwick Nederland which later formed KPMG. He qualified as a qualified register accountant in 1985. Mr Arendse headed KPMG's Financial Services from 2003 until 2007. Before he joined Achmea, Mr Arendse was also a member of KPMG International's Global Insurance Leadership Team. Through his international experience in listed and other insurance companies, he has extensive experience in a range of insurance activities such as non-life, health, life and reinsurance. His core responsibilities within the Executive Board include Finance, Reporting, Capital Management, Fiscal Affairs, and Asset Management, and further Reinsurance, Investment Office, Staalbankiers and Real Estate (until 1 January 2016). In addition, Mr Arendse is among others a member of the Financial-Economic Affairs Committee of the Dutch Association of Insurers.

ROBERT OTTO (1967)

(as of 17 August 2015)

Robert Otto joined the Executive Board in August 2015. Mr Otto completed his law degree at Leiden University. After his study, Mr Otto began his career at ING in 1992. In his last position at the bancassurance group, he was responsible for ING Insurance and Postbank Insurance. After a two-year period as CEO of OHRA, Mr Otto became general director of Delta Lloyd's commercial division in 2010. In mid-2013, Mr Otto joined Achmea as Chairman of the Non-Life & Income Protection division. His core responsibilities within the Executive Board include the Centraal Beheer, Interpolis and Non-Life & Income Protection divisions, and Market Strategy and Corporate Relations. In addition to his post at Achmea, Mr Otto is, among others, a member of the Board at Thuiswinkel.org and Chairman of the sector management board of Non-Life Insurance at the Dutch Association of Insurers.

BIANCA E.M. TETTEROO (1969)

(as of 15 June 2015)

Bianca Tetteroo joined the Executive Board in June 2015. Ms Tetteroo is a qualified register accountant since 1997 and in addition completed several executive education programmes among which corporate governance and leadership (Insead). She started her career at the accounting firm Mazars in 1988. In 1996, she entered the financial sector when she joined what was then Fortis, holding several management positions there among which at Asset Management and the Insurer. In 2009 she joined Achmea, where she became the financial director of pension provider Syntrus Achmea. Since 2012, she has been Chairman of the division Pension & Life. Her core responsibilities within the Executive Board include Pension and Life, Asset Management and Achmea Bank. Ms Tetteroo is also a member of the Supervisory Board of Kunsthal Rotterdam.

HENK TIMMER (1961)

Chief Risk Officer

Henk Timmer joined the Executive Board in March 2014. Mr Timmer studied in Utrecht and Tilburg and held various positions in auditing, consultancy and ICT. He began his career at Achmea in 1997 in the role of auditor and manager for several business units including IT, Health, Non-Life and Intermediary. In 2008, he became managing director of Group Audit & Risk Services. In that role he headed the staff services Audit Risk and Integrity. In 2012, the audit function was separated and he became Director Internal Audit, with the entire Achmea Group in scope, both nationally and internationally. In March 2014 Mr Timmer joined the Executive Board. His core responsibilities include Risk Management, Compliance, Legal Affairs, HR, and Central Services. Next to his role at Achmea, Mr Timmer is Chairman of the Advisory Board for the Audit programme at Erasmus University Rotterdam. In the recent past, Mr Timmer was also closely involved as director at the Institute for Internal Auditors and NOREA. Mr Timmer is a member of the Expert Group of Stichting Maatschappij en Veiligheid.

Supervisory Board

ERIK A.J. VAN DE MERWE (1950)

Chairman of the Supervisory Board
Erik van de Merwe is Chairman of the Supervisory Board. He is also Chairman of the Supervisory Board and of the Audit & Risk Committee of Staalbankiers N.V. Outside Achmea, Mr Van de Merwe holds several other Supervisory Board memberships. He is a member of the Supervisory Board and of the Audit Committee, and Chairman of the Risk Committee of Rabobank Nederland, Chairman of the Supervisory Councils and a member of the Audit Committee of the Nederlandse Brandwonden Stichting (Dutch Burns Foundation), as well as Chairman of the Supervisory Council and a member of the Audit Committee of Euro Tissue Bank. Mr Van de Merwe is also a member of the Advisory Board of the Institute of Internal Auditors, a jury member of the Henri Sijthoff Award, a member of the Board of KidsRights and Chairman of the Board of Trustees of DeNieuweCommissaris.

From left to right: Lineke Sneller, Aad Veenman, Petri Hofsté, Mijntje Lückerath-Rovers, Antoon Vermeer, Erik van de Merwe, Roel Wijmenga, and Joke van Lonkhuijzen-Hoekstra. Wim de Weijer is not included in the photograph.

ANTOON J.A.M. VERMEER (1949)

Vice-Chairman of the Supervisory Board
Antoon J.A.M. Vermeer is Vice-Chairman of the Supervisory Board. He is also Chairman of the Supervisory Board of Achmea Schadeverzekeringen N.V. Mr Vermeer is co-owner of a dairy farm and has been Vice-Chairman of the Supervisory Board of Rabobank Nederland until June 2014.

PETRI H.M. HOFSTÉ (1961)

Petri Hofsté has been a member of the Supervisory Board since 1 January 2015. She is also a member of the Supervisory Board of Achmea Pensioen- en Levensverzekeringen N.V., Chairman of the Supervisory Board of Achmea Bank N.V., and a member of the Supervisory Board of Achmea Investment Management (effective 1 January 2016). Ms Hofsté is a qualified registeraccountant and started her career at KPMG, where she was a partner in the Financial Services Audit practice. Subsequently, she was among others group controller and deputy CFO of ABN AMRO Group, divisional director of Bank Supervision at De Nederlandsche Bank and CFRO of APG Groep N.V. Ms Hofsté is a member of the Supervisory Board of BNG Bank N.V., Fugro N.V. and KAS Bank N.V. and a member of the Board of Stichting Nyenrode, Vereniging Hendrick de Key-ser, a member of the programme council of the NBA-VRC studies, and a member of the Advisory Board of the Amsterdam Institute of Finance.

JOKE S.T. VAN LONKHUIJZEN-HOEKSTRA (1960)

Joke van Lonkhuijzen-Hoekstra is a member of the Supervisory Board. She is also a member of the Supervisory Board of Achmea Zorgverzekeringen N.V. and its subsidiaries. Prior to the merger between Vereniging De Friesland, the shareholder of De Friesland Zorgverzekeraar, and Vereniging Achmea and the subsequent transfer of the Friesland Group's activities to Achmea, she was a member of the Supervisory Board and of the Audit Committee of De Friesland Zorgverzekeraar N.V. She has a wide background in the healthcare sector and began her career as a nurse. Until 2012, she was the Chair and CEO of the Amsterdam-based GGZ inGeest, and from 2013 until 2015 served as CFO and a member of the Executive Board of Cordaan. Additionally, she is a member of the Supervisory Board and of the Audit and Risk Committee of the Trimbos Institute, a Board member of NVZD and Chair of the Board of Trustees for the postgraduate Change Management programme at VU University Amsterdam.

MIJNTJE LÜCKERATH-ROVERS (1968)

Mijntje Lückerath-Rovers is a member of the Supervisory Board. She is also a member of the Supervisory Board of Achmea Pensioen- & Levensverzekeringen N.V. and NRC Media. Ms Lückerath-Rovers is a Professor in Corporate Governance at Tilburg University. She is also a member of the Supervisory Council at ASN Bank Investments Funds and Groenfonds, a Board member of the Betaalvereniging Nederland (Dutch Payments Association), a member of the Supervisory Board of KNGF (Royal Dutch Guide Dog Foundation) and a member of the Monitoring Commissie Code Pensioenfondsen. She is also the author of many (popular) scientific publications, and a member of the editorial board of the Jaarboek Corporate Governance.

LINEKE C.W. SNELLER (1965)

Lineke Sneller is a member of the Supervisory Board. She is also a member of the Supervisory Board of Achmea Zorgverzekeringen N.V. and its subsidiaries. Ms Sneller is a Professor in Accounting Information Systems and Management Accounting at Nyenrode Business University. She began her career at Ortec Consultants in 1988 and has held CIO positions at InterfaceFLOR, Tele2 and Vodafone. Ms Sneller is a member of the Supervisory Board of ProRail.

AAD W. VEENMAN (1947)

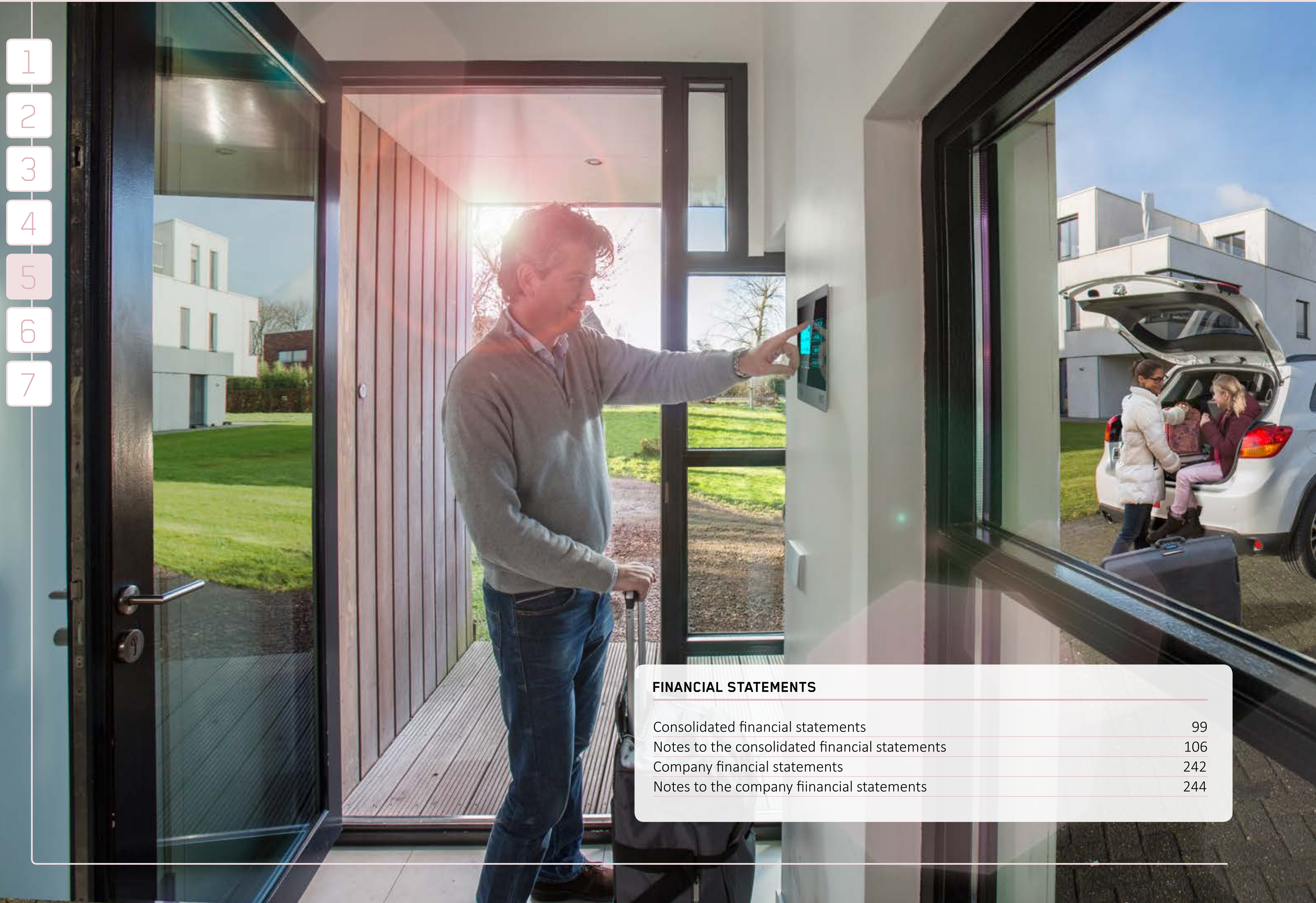
Aad Veenman is a member of the Supervisory Board. He is also a member of the Supervisory Board of Achmea Schadeverzekeringen N.V. and an ad interim member of the Supervisory Board of Achmea Zorgverzekeringen N.V. and its subsidiaries. From 2002 until 2009 he was Chairman and CEO of the Dutch railways, NS. Prior to this, he had a long career with the Dutch industrial enterprise, Stork, where he was a member of the Executive Board, and CEO from 1998 up to and including 2002. Until June 2010, he was a member of the Supervisory Board of Rabobank Nederland. Currently, Mr Veenman is Chairman of the Supervisory Board of TenneT, a member of the Supervisory Board of Prysmian Netherlands Holding B.V. and a member of the Supervisory Board of Royal Huisman Shipyard.

WIM H. DE WEIJER (1953)

Wim de Weijer is a member of the Supervisory Board as of 3 February 2016. He is also a member of the Supervisory Board of Achmea Zorgverzekeringen N.V. and its subsidiaries, a member of the Supervisory Board of De Friesland Zorgverzekeringen and Vice-Chairman of the Supervisory Board of PGGM N.V. In addition, he is Chairman of the Supervisory Board of Wielco B.V., a member of the Supervisory Board of ADG, and advisor and a Board member of participations at NPM-Capital.

ROEL TH. WIJMENGA (1957)

Roel Wijmenga is a member of the Supervisory Board as of 1 January 2015. He is also Chairman of the Supervisory Board of Achmea Pensioen- & Levensverzekeringen N.V. and a member of the Supervisory Board of Achmea Schadeverzekeringen N.V. From February 2009 until May 2014 Mr Wijmenga was CFO at ASR Verzekeringen. Prior to this, he was among others a member of the Executive Board of Achmea, a member of the Executive Board of Interpolis, and a member of the Executive Board of Fortis ASR Verzekeringen. Previously, he has held several business role in the insurance sector, at AMEV and Fortis. From 2002 until 2007 he was also Chairman of the negotiating delegation for the insurance sector’s collective agreement (CAO) on behalf of employers. Currently, Mr Wijmenga is among others Chairman of the Philips Pension Fund and a member of the Supervisory Board of Bouwinvest.



FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS OF ACHMEA B.V.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BEFORE APPROPRIATION OF RESULT)

(€ MILLION)

	NOTES	31 DECEMBER 2015	31 DECEMBER 2014
Assets			
Intangible assets	6	970	1,066
Associates and joint ventures	7	143	145
Property for own use and equipment	8	452	472
Investment property	9	1,114	1,125
Investments	10	44,875	47,137
Investments backing linked liabilities	11	18,730	18,680
Banking credit portfolio	12	14,866	15,227
Deferred tax assets	13	817	528
Deferred acquisition costs	14	137	139
Amounts ceded to reinsurers	19	1,381	1,436
Receivables and accruals	15	7,315	5,534
Cash and cash equivalents	16	2,117	1,716
Total assets		**92,917**	**93,205**
Equity			
Equity attributable to holders of equity instruments of the Company	17	10,263	9,804
Non-controlling interest	18	17	14
Total equity		**10,280**	**9,818**
Liabilities			
Insurance liabilities	19	44,299	44,545
Insurance liabilities where policyholders bear investment risks	20	16,240	17,014
Investment contracts	21	2,338	2,158
Post-employment benefits	22	891	989
Other provisions	23	334	413
Banking customer accounts	24	5,995	6,306
Loans and borrowings	25	7,603	7,011
Derivatives	10	1,793	1,896
Deferred tax liabilities	13	15	19
Income tax payable		192	89
Other liabilities	26	2,937	2,947
Total liabilities		**82,637**	**83,387**
Total equity and liabilities		**92,917**	**93,205**

CONSOLIDATED INCOME STATEMENT

(€ MILLION)

	NOTES	2015	2014
Income			
Gross written premiums Non-life	30	3,684	3,688
Gross written premiums Health	31	13,872	13,605
Gross written premiums Life	32	2,366	2,709
Gross written premiums		**19,922**	**20,002**
Reinsurance premiums		−295	−988
Change in provision for unearned premiums (net of reinsurance)		−101	−257
Net earned premiums		**19,526**	**18,757**
Income from associates and joint ventures	33	6	3
Investment income	34	1,000	1,038
Realised and unrealised gains and losses	35	905	3,779
Income from investments backing linked liabilities	36	721	2,044
Banking income	37	572	658
Fee and commission income, and income from service contracts	38	397	431
Other income	39	98	86
Total income		**23,225**	**26,796**
Expenses			
Claims and movements in insurance liabilities	40	19,753	22,634
Claims and movements in insurance liabilities ceded to reinsurers	40	−153	−891
Profit sharing and bonuses for policyholders	41	644	3,391
Movements in insurance liabilities where policyholders bear investment risks		−765	−2,364
Fair value changes and benefits credited to investment contracts	42	119	159
Operating expenses	43	2,633	2,975
Banking expenses	44	401	492
Interest and similar expenses		63	88
Other expenses	45	152	320
Total expenses		**22,847**	**26,804**
Profit before tax		**378**	**−8**
Income tax expenses	46	−8	−24
Net profit		**386**	**16**
Net profit attributable to:			
Holders of equity instruments of the Company		383	14
Non-controlling interest		3	2
Earnings per share	48	0.81	−0.13

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ MILLION)

	2015	2014
Net profit	**386**	**16**
Items that will not be reclassified to the Income statement		
Remeasurements of net defined benefit liability [1]	9	–37
Unrealised gains and losses on property for own use [2]	13	
Total items that will not be reclassified to the Income statement	**22**	**–37**
Items that may be reclassified subsequently to the Income statement		
Currency translation differences on subsidiaries, intangible assets, associates and joint ventures [3]	–51	33
Unrealised gains and losses on available for sale instruments [2]	–114	1,917
Share in other comprehensive income of associates and joint ventures [3]	3	–6
Transfer from/to provision for profit sharing and bonuses for policyholders [2]	83	–1,544
Gains and losses on available for sale instruments reclassified to the Income Statement on disposal [2]	–215	–93
Impairment charges on available for sale instruments reclassified to the Income Statement [2]	22	18
Total items that may be reclassified subsequently to the Income statement	**–272**	**325**
Net other comprehensive income	**–250**	**288**
Comprehensive income	**136**	**304**
Comprehensive income attributable to:		
Holders of equity instruments of the Company	133	302
Non-controlling interest	3	2

[1] Accounted for as part of Retained earnings

[2] Accounted for as part of Revaluation reserve

[3] Accounted for as part of Exchange difference reserve

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CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2015	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	EXCHANGE DIFFERENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	PROFIT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	**EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE COMPANY**	NON-CONTROLLING INTEREST	**TOTAL EQUITY**
Balance at 1 January	**11,357**	**−235**	**670**	**871**	**−225**	**−7**	**−3,608**	**14**	**967**	**9,804**	**14**	**9,818**
Net other comprehensive income				−211	−48		9			−250		−250
Net profit								383		383	3	386
Comprehensive income				**−211**	**−48**		**9**	**383**		**133**	**3**	**136**
Appropriations to reserves			2	17			−5	−14				
Dividends and coupon payments							−63			−63		−63
Issue, repurchase and sale of equity instruments									383	383		383
Other movements				9	2		−5			6		6
Balance at 31 December	**11,357**	**−235**	**672**	**686**	**−271**	**−7**	**−3,672**	**383**	**1,350**	**10,263**	**17**	**10,280**

Share capital includes €10,923 million share premium (31 December 2014: €10,923 million). In 2015 no dividends were distributed to holders of ordinary shares (2014: €120 million; €0.30 per ordinary share). As of 2015 coupon payments related to the other equity instruments are presented after taxes. Comparative figures have been adjusted accordingly. The item Other movements in 2015 includes a tax entry in the Exchange difference reserve and dividend received by Achmea in Retained earnings.

Reference is made to Notes 17 and 18.

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2014	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	EXCHANGE DIFFERENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	PROFIT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	**EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE COMPANY**	NON-CONTROLLING INTEREST	**TOTAL EQUITY**
Balance at 1 January	**11,357**	**−235**	**662**	**576**	**−260**	**−7**	**−3,725**	**352**	**967**	**9,687**	**15**	**9,702**
Net other comprehensive income				289	36		−37			288		288
Net profit								14		14	2	16
Comprehensive income				**289**	**36**		**−37**	**14**		**302**	**2**	**304**
Appropriations to reserves			8	−12			356	−352				
Dividends and coupon payments							−186			−186		−186
Issue, repurchase and sale of equity instruments												
Other movements				18	−1		−16			1	−3	−2
Balance at 31 December	**11,357**	**−235**	**670**	**871**	**−225**	**−7**	**−3,608**	**14**	**967**	**9,804**	**14**	**9,818**

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ MILLION)

	2015	2014
Cash flow from operating activities		
Profit before tax	378	–8
Adjustments of non-cash items and reclassifications:		
Unrealised results on investments including foreign currency results	–387	–4,548
Amortisation and impairment on intangible assets, property for own use and equipment	175	320
Amortisation of deferred acquisition costs	30	48
Income from associates and joint ventures	–6	–3
Value changes in banking credit portfolio	149	53
Interest expenses		71
	339	**–4,067**
Changes in operating assets and liabilities:		
Changes in receivables and accruals and other liabilities	–1,743	–1,857
Changes in insurance liabilities net of reinsurance	–674	116
Changes in income tax	–30	–53
Changes in other provisions	–79	137
Changes in employee benefits	–89	159
Changes in banking customer accounts and loans and borrowings related to banking activities	483	–3,195
	–2,132	**–4,693**
Cash flows operating items not reflected in Profit before tax:		
Purchase of Investment property	–36	–3
Purchase of Investments	–29,292	–27,788
Purchase of Investments backing linked liabilities	–11,087	–8,541
Investments in banking credit portfolio	–1,146	–889
Divestments of Investment property	41	32
Divestments of Investments	30,820	30,108
Divestments of Investments backing linked liabilities	11,636	14,180
Divestments banking credit portfolio	1,358	996
Capitalised deferred acquisition costs	–28	–17
Other changes	11	16
Income taxes paid	–84	–12
	2,193	**8,082**
Cash flow from investing activities		
Purchase of subsidiaries, associates and joint ventures (net of cash)		
Purchase of Property for own use and equipment	–83	–37
Disposal of Subsidiaries, associates and joint ventures (net of cash)		8
Disposal from Property for own use and equipment and Intangible assets	33	54
	–50	**25**

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CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(€ MILLION)

	2015	2014
Cash flow from financing activities		
Issue, repurchase and sale of equity instruments	383	
Dividends and coupon payments	−78	−200
Interest paid	−52	−107
Issuance and repurchase of loans	−202	−584
	51	**−891**
Net cash flow	**401**	**−1,544**
Net cash and cash equivalents at 1 January	1,716	3,260
Net cash and cash equivalents at 31 December	**2,117**	**1,716**
	401	**−1,544**
Cash and cash equivalents include the following items:		
Cash and bank balances	1,825	1,394
Call deposits	292	322
Cash and cash equivalents at 31 December	**2,117**	**1,716**

Included in the cash flows from operating activities is interests received amounting to €1,005 million (2014: €969 million), dividends received amounting to €69 million (2014: €56 million) and interest paid amounting to €11 million (2014: €126 million).

GENERAL INFORMATION

Achmea B.V. is incorporated in the Netherlands and seated in Zeist. The head office is located at Handelsweg 2 in Zeist. The Achmea Group (hereafter called Achmea) comprises Achmea B.V. and the entities it controls.

1. ACCOUNTING POLICIES

A AUTHORISATION FINANCIAL STATEMENTS

The Achmea Consolidated Financial Statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Executive Board on 4 April 2016. At the same date, the Supervisory Board gave its advice to the General Meeting to adopt the Financial Statements. The Executive Board may decide to amend the Financial Statements as long as these have not been adopted by the General Meeting. The General Meeting may decide not to adopt the Financial Statements, but may not amend these.

B BASIS OF PRESENTATION

The Achmea Consolidated Financial Statements, including the 2014 comparative figures, have been prepared in accordance with the International Financial Reporting Standards - including International Accounting Standards (IAS) and Interpretations - as at 31 December 2015 and as adopted by the European Union (hereafter EU and EU-IFRS). Furthermore, the Achmea Consolidated Financial Statements comply with the requirements of Section 362, paragraph 9, Title 9, Book 2 of the Dutch Civil Code. The exemption pursuant Section 402, Title 9, Book 2 of the Dutch Civil Code, applies to the Company Income Statement of Achmea B.V. All amounts in the Consolidated Financial Statements are in millions of euros, unless stated otherwise.

C INITIAL APPLICATION OF ACCOUNTING POLICIES

In 2015, no new Standards, amendments to Standards and Interpretations issued by the International Accounting Standard Board (IASB) were adopted.

D CHANGES IN STANDARDS AND AMENDMENTS WITH FUTURE APPLICATION DATE

The following standards and Interpretations were issued in 2015 or prior years and are not applied by Achmea in preparing its Consolidated Financial Statements 2015. These are:

ACCOUNTING STANDARD	DESCRIPTION	EXPECTED IMPACT ON TOTAL EQUITY / NET PROFIT
IFRS 9 FINANCIAL INSTRUMENTS	IFRS 9 introduces a new model for the classification of financial assets. This model is driven by the cash flow characteristics and the business model in which an asset is held. With regard to financial liabilities the changes as a result of IFRS 9 are limited and for most financial liabilities the existing amortised cost measurement will be maintained. As part of IFRS 9, the IASB has introduced an expected-loss model to determine impairment losses. This model requires taking into account expected credit losses when financial instruments are first recognised. In case of a significant credit deterioration expected credit losses should be taken into account for the full lifetime. Finally, IFRS 9 introduces a model for hedge accounting that aligns the accounting treatment with risk management activities. The standard is effective for reporting periods beginning on or after 1 January 2018, with early application permitted. As at 31 December 2015, this standard has not been endorsed by the EU.	Achmea is assessing the impact of this standard, taken into account the interaction with the current standard for the accounting of insurance contracts (and proposed amendments thereon) and also the future standard for the accounting of insurance contracts.
IFRS 10 CONSOLIDATED FINANCIAL STATEMENTS, IFRS 12 DISCLOSURE OF INTERESTS IN OTHER ENTITIES AND IAS 28 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (AMENDMENTS)	The amendments address inconsistencies between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). Furthermore, narrow-scope amendments were issued, introducing clarifications to the requirements when accounting for investment entities. The amendments are effective for reporting periods on or after 1 January 2016. As at 31 December 2015, these amendments have not been endorsed by the EU.	These amendments will have no impact on Net profit and Total equity of Achmea.
IFRS 11 JOINT ARRANGEMENTS (AMENDMENTS)	The amendments relate to the first valuation of an interest acquired in a joint operation (that constitutes a business) and the notes thereto. These amendments are effective for reporting periods beginning on or after 1 January 2016.	These amendments will have no impact on Net profit and Total equity of Achmea.
IFRS 14 REGULATORY DEFERRAL ACCOUNTS	The aim of this interim standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities. This standard is effective for reporting periods beginning on or after 1 January 2016, with early application permitted. The EU decided not to endorse this standard for application in the EU and to wait for the final standard.	This standard is not applicable to Achmea and therefore this standard will have no impact on Net profit and Total equity of Achmea.
IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS	The standard replaces IAS 18 Revenue, IAS 11 Construction Contracts and related Interpretations. The core principle of the new standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide accounting principles for transactions that were not previously addressed comprehensively (for example service revenue and contract modifications) and provide principles for multiple-element arrangements. IFRS 15 Revenue from Contracts with Customers is effective for reporting periods beginning on or after 1 January 2017, with early application permitted. In 2015, the IASB decided to defer the effective date from 1 January 2017 to 1 January 2018. As at 31 December 2015, this standard has not been endorsed by the EU.	As Achmea is primarily an insurance company, the standard is expected to have no material impact on Net profit and Total equity of Achmea.

IAS 1 PRESENTATION OF FINANCIAL STATEMENTS (AMENDMENTS)	These amendments are designed by the IASB to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the disclosures. The amendments are effective for reporting periods on or after 1 January 2016, with early application permitted.	These amendments will have no impact on Net profit and Total equity of Achmea.
IAS 16 PROPERTY, PLANT AND EQUIPMENT (AMENDMENTS)	In these amendments is clarified that the use of a revenue-based method to calculate the depreciation of an asset is in general not appropriate. Furthermore, the IASB issued amendments in respect of the financial reporting for bearer plants. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16, because their operations are similar to that of a manufacturing process. Both amendments are effective for reporting periods beginning on or after 1 January 2016, with early application permitted.	These amendments will have no impact on Net profit and Total equity of Achmea.
IAS 38 INTANGIBLE ASSETS (AMENDMENTS)	These amendments clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain circumstances. These amendments are effective for reporting periods beginning on or after 1 January 2016, with early application permitted.	These amendments will have no impact on Net profit and Total equity of Achmea.
IAS 41 AGRICULTURE (AMENDMENTS)	The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16, because their operation is similar to that of a manufacturing process. These amendments are effective for reporting periods beginning on or after 1 January 2016, with early application permitted.	These amendments will have no impact on Net profit and Total equity of Achmea.
IAS 27 SEPARATE FINANCIAL STATEMENTS (AMENDMENTS)	The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments are effective for reporting periods beginning on or after 1 January 2016, with early application permitted.	The amendments will have no impact on Achmea's Company Financial Statements as Achmea uses the option provided in Section 362, Paragraph 8, Book 2, part 9 of the Dutch Civil Code.
ANNUAL IMPROVEMENTS TO IFRSS 2012–2014 CYCLE	The annual Improvements IFRSs 2012–2014 Cycle consists of a collection of amendments to IFRSs in response to four issues addressed during the 2012–2014 cycle for annual improvements within IFRS. These amendments are effective for reporting periods beginning on or after 1 January 2016, with early application permitted.	These amendments will have no impact on Net profit and Total equity of Achmea.

E AMENDMENTS RELATED TO ACCOUNTING POLICIES, PRIOR PERIOD CORRECTIONS AND CHANGES IN PRESENTATION

During 2015 a number of changes have been made to the (presentation of items in the) notes to balance sheet items. Further information is included in the note to the relevant balance sheet item. These changes in presentation have no impact on Net profit in 2015, Total Equity at 31 December 2015 and earnings per share in 2015.

F CHANGES IN ACCOUNTING ESTIMATES

In preparing these Consolidated Financial Statements, the significant judgements made by management in applying Achmea's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the Consolidated Financial Statements 2014, except for the following changes:

In the first half of 2015, Achmea changed the discount rate used in the IFRS Liability Adequacy Testing (LAT), as of this moment the discount rate is based on the Euro Swap curve, including a credit risk adjustment, with Ultimate Forward Rate (UFR), a country risk layer and a spread for illiquidity. The elements of this discount curve are in line with the concepts of the discount rate as prescribed for future regulatory reporting (Solvency II). Until 2014, Achmea used the ECB AAA-curve including the UFR. Achmea changed the discount rate, as Achmea is of the opinion that the discount rate used until 2014 no longer sufficiently reflects the characteristics of the cash flows of Achmea's insurance liabilities. On transition date (30 June 2015) this change in estimation has no impact on Net profit, Total equity and solvency ratio of Achmea.

The fair value of mortgages within the Dutch insurance business is determined using pricing models based on the discounted value of future cash flows using current interest rates. In the first half of 2015 Achmea decided to base the interest rate used, on rates in the consumers market adjusted for spreads for amongst others the price risk during the offering period. Before 2015, Achmea based the interest rate on spreads a market participant would use when offering mortgages. Achmea changed the methodology used, as Achmea is of the opinion that using the rates in the consumers market results in a more objective basis for fair value purposes. On transition date (30 June 2015) this change in estimation had an impact of €1 million on Net profit and Total equity.

G CONSOLIDATION FRAMEWORK

Basis for consolidation

All of Achmea's subsidiaries, associates and joint ventures are included in the Consolidated Financial Statements, based on Achmea's accounting framework. The following principles apply to Achmea's Consolidated Financial Statements:

Subsidiaries

Subsidiaries are entities over which Achmea has control. Achmea controls an entity when Achmea is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The assessment of control is based on the economic substance of the relationship between Achmea and the entity and, among other things, considers existing and potential voting rights that are substantive. For a right to be substantive, Achmea must have the practical ability to exercise that right. Third-party interests in these entities are presented as Non-controlling interest within Total equity. Investment funds managed by Achmea in which Achmea holds an interest are consolidated in the Consolidated Financial Statements if Achmea has power over that investment fund and it is exposed, or has rights, to variable returns from its involvement with the investment fund and has the ability to affect those returns through its power over the investment fund.

The assessment of control is based on the economic substance of the relationship between Achmea and the investment fund and, amongst others, considers existing and potential voting rights that are currently exercisable and convertible. In assessing control, all interests held by Achmea in the investment fund are considered, regardless if the financial risk related to the investment is borne by Achmea or by the policyholders. An exception to this is when the fund meets the definition of a silo (i.e. assets, liabilities and/or equity within the relevant entities are separated) or when, under strict facts and circumstances, a direct link between the policyholder and the fund can be assumed. On consolidation of an investment fund, a liability is recognised to the extent that Achmea is legally obliged to buy back participations held by third parties. The liability is presented in the Consolidated Financial Statements as Other liabilities. Where this is not the case, other participations held by third parties are presented as Non-controlling interests. The assets allocated to participations held by third parties are presented as Investments, whereas participations held by Achmea on behalf of policyholders are presented in the Consolidated Financial Statements as Investments backing linked liabilities.

Joint ventures

Entities over which Achmea and other entities share joint control by means of contractual arrangements are considered to be joint ventures. Achmea accounts for joint ventures using the equity method.

Associates

Entities over which Achmea exercises significant influence are accounted for using the equity method. Generally, significant influence is presumed to exist when the participation in ordinary share capital or voting rights (including potential voting rights) is between 20% and 50%.

Intra-group adjustments

Intra-group transactions have been eliminated in the Consolidated Financial Statements. Profits and losses resulting from transactions with associates and joint ventures are eliminated to the extent of Achmea's interest in the associate or joint venture.

Business combinations of entities under common control

For the accounting of business combinations of entities or businesses under common control, Achmea uses the pooling of interest method in case of a (legal) merger and carry over accounting (transfer based on the carrying amount) in case of an acquisition. Such transactions do not have an impact on Net profit and Total equity of Achmea.

Consolidated statement of cash flows

The Consolidated Statement of Cash Flows has been set up according to the indirect method with a breakdown into cash flows from operating, investing and financing activities. Cash and cash equivalents comprise cash, bank balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of Achmea's cash management processes are recognised as a component of Cash and cash equivalents. In Total cash flow from operating activities, Profit before tax is adjusted for those items in the Income Statement and changes in operating assets and liabilities, that do not result in actual cash flows during the year. Due to the nature of Achmea's activities, in which both insurance and banking are part of the operations, cash flows related to Investment property, Investments and Investments backing linked liabilities and the Insurance liabilities are presented as part of Total cash flows from operating activities. This is also the case for cash flows related to Banking credit portfolio, Banking customer account and Loans and borrowing related to the banking activities.

Foreign currency differences

The Consolidated Financial Statements are presented in euros, which is Achmea's functional and presentation currency. Items included in the Financial Statements of Achmea's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency).

For consolidation, assets and liabilities of foreign subsidiaries with a functional currency other than the euro, are translated into euros at the exchange rates at reporting date. The income and expenses of these subsidiaries are translated at the weighted average exchange rates for the reporting period. Translation differences arising from the application of year-end exchange rates to the opening balance of net assets and goodwill of these subsidiaries and to the results for the reporting period are recognised in Total equity and reported as Net other comprehensive income.

The net asset value of associates and joint ventures with a functional currency other than the euro is translated into euros at the exchange rates at the balance sheet date. The results of associates and joint ventures are translated at the weighted average exchange rates for the reporting year. Translation differences, arising from the application of reporting date exchange rates to the opening net asset value of associates and joint ventures and to the results for the reporting period, are recognised in Total equity and reported as Net Other Comprehensive Income.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in currencies other than the functional currency are recognised in Net profit, except when deferred in Total equity as part of qualifying cash flow hedges or a qualifying net investment in a foreign operation. Refer to I Assets and liabilities for more details regarding the accounting of foreign currency differences for specific assets and liabilities.

Recognition financial instruments

When Achmea becomes a party to the contractual provision of a financial instrument (i.e. at trade date), Achmea recognises the instrument at fair value including transaction cost (unless the financial instrument is classified as 'at fair value through profit or loss').

Derecognition financial instruments

A financial asset (or part of a financial asset) is derecognised when the contractual rights to receive cash flows from the financial asset have expired or when Achmea has transferred substantially all risks and rewards of ownership. Also if Achmea neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if Achmea no longer has control over the asset. In transfers where control over the asset is retained, Achmea continues to recognise the asset to the extent of its continuing involvement. The extent of continuing involvement is determined by the extent to which Achmea is exposed to changes in the value of the asset.A financial liability (or a part of a financial liability) is derecognised when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Upon derecognition, the difference between the disposal proceeds and the carrying amount is recognised in the Income Statement as a realised gain or loss. Any cumulative unrealised gains or losses previously recognised in Total equity are transferred from Total equity to the Income Statement. Achmea uses the average cost method when derecognising financial assets and liabilities.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported at the net amount in the balance sheet when Achmea:

- has a current legally enforceable right to offset the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Hedge accounting

Achmea applies fair value hedge accounting for its banking and treasury operations and certain investment portfolios. When Achmea applies fair value hedge accounting, a fair value adjustment is recognised in the Income Statement that reflects the changes in the fair value of the hedged items attributable to the hedged risk. Achmea assesses the effectiveness of the hedge relationship at each reporting date. The hedge relationship is discontinued when the effectiveness is not within the 80%-125% range or when the hedge is terminated or revoked. Achmea starts amortising the related fair value adjustment over the remaining duration of the hedged item when the hedge relationship is discontinued. When Achmea applies cash flow hedge accounting or applies hedge accounting for a net investment in a foreign operation, the fair value changes of the hedging instruments net of taxes are, for the effective part of the hedge relationship, recognised in the Hedging reserve, part of Total equity. Fair value changes due to ineffective parts of the hedge relationship are recognised in the Income Statement. Amounts accumulated in Total equity are recycled through the Income Statement in the periods in which the hedged item affects Net profit.

Impairment

In general, an impairment of an asset exists when its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. At each reporting date, Achmea assesses whether there is an indication that an asset could be impaired and whether it is necessary to recognise an impairment loss. Irrespective of whether there is any indication of an event requiring an impairment test, Achmea tests goodwill from business combinations and other intangible assets with an indefinite life for impairment every year. Impairments on Investments are recognised as Realised and unrealised gains and losses in the Income Statement. All other impairments are recognised as Other expenses in the Income Statement. Impairment losses recognised in prior years are reversed if the reversal can be objectively attributed to the disappearance or removal of the impairment event since the impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. An increase in the carrying amount due to the reversal of the impairment loss will not exceed the carrying amount if no impairment loss would have been recognised in prior periods. The increase due to a reversal of an impairment loss is recognised in the Income Statement (Realised and unrealised gains and losses for fixed-income investments and in Other expenses for other reversals). Impairment losses on equity instruments classified as 'Available for sale' are not reversed through the Income Statement. Subsequent fair value changes are recognised in the Revaluation reserve (part of Total equity). An impairment loss regarding goodwill and intangible assets with an indefinite life is not subject to reversal. For more details relating to the specific accounting policies for impairment, reference is made to the accounting policies for the specific items as included in I Assets and Liabilities.

Held for sale classification

Assets or components of assets and related liabilities are classified as 'Held for sale' when it is highly probable that the carrying amount will be recovered principally through a sale transaction rather than through continuing use.
A sale of an asset or a group of assets is highly probable if:

- Achmea is committed to a plan to sell these assets and has an active programme to locate a buyer;
- The assets are actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification as 'Held for sale'.

Assets and liabilities classified as 'Held for sale' are measured at the lower of their carrying amount or fair value less costs to sell and are presented separately in the Statement of Financial Position. If a loss occurs when classifying assets and liabilities as 'Held for sale', this loss is recognised in Other expenses in the Income Statement.

Borrowing costs

Borrowing costs incurred for the construction of qualifying assets (assets that take a substantial period of time to acquire or construct) are capitalised during the period required to complete and prepare the asset for its intended use. As Achmea borrows funds on a general basis, the amount of borrowing costs is based on the weighted average of the borrowing costs applicable to the borrowings of Achmea that are outstanding during the period. Other borrowing costs are recognised in the Income Statement in the period in which they have been incurred.

Leasing

Leases entered into by Achmea are primarily operating leases. The total payments made under operating leases are recognised in the Income Statement on a straight-line basis over the period of the lease. A property interest that is held by Achmea under an operating lease and rented out to a third party is not classified as Investment property.

Income from service contracts

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to Achmea, the stage of completion of the transaction at the end of the reporting period can be measured reliably and the costs incurred for the transaction and the cost to complete the transaction can be measured reliably. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of expenses recognised that are recoverable (“zero profit method”). Revenue is measured at the fair value of the consideration received or receivable. Revenue is accounted for based on the stage of completion method, which depends on the nature of the contract. In case a contract mainly constitutes the rendering of services, revenue is based on proportion of services performed to date as percentage of total services to be performed. In case service is provided by an indeterminate number of acts over a specified period, revenue is accounted for on a straight line basis.

I ASSETS AND LIABILITIES

All assets and liabilities are measured at fair value, unless a different measurement is stated in the accounting policies.

Intangible assets

Goodwill

Goodwill arising on a business combination represents the excess of the consideration transferred to acquire the business over the fair value of the net identifiable assets (including separately identified intangible assets), liabilities and contingent liabilities acquired at acquisition date. Goodwill is stated at cost less accumulated impairment losses. Recognised goodwill is subject to an annual impairment test as it is perceived to have an indefinite useful economic life. Achmea has allocated the acquired goodwill due to business combinations to cash generating units (CGUs) that are expected to benefit from the business combination. This is done on the basis of synergies expected to be realised by the combination. Goodwill is monitored at business unit level, being an aggregation of products or group of products with the same risk characteristics and at which level risks are managed and capital is allocated. Any excess of the carrying amount of the domain over its recoverable amount will firstly be allocated to goodwill. Impairment tests at CGU level are performed at a fixed time every year and more frequently if triggering events occur. If an impairment loss occurs, it will be allocated to the relevant CGU. An impairment loss recognised for goodwill is not subject to reversal in a subsequent period.

Intangible assets excluding goodwill

Below, the specific accounting principles for each major class of Intangible assets are given. The accounting policies described below apply to all Intangible assets excluding goodwill. Amortisation charges are recognised as Other expenses in the Income Statement. At each reporting date, Achmea assesses whether an indication of an impairment loss exists for intangible assets with a finite useful economic life. Various indicators are used, such as whether the intangible asset is abandoned, readily obtainable in the market, or the cost to maintain the intangible asset is significantly higher than expected. In addition, Achmea assesses at each reporting date whether there is any indication that an impairment loss recognised in a prior period for intangible assets may no longer exist or may have decreased. Achmea considers the various indicators, such as: whether the asset’s market value has increased significantly during the period; whether significant changes (technological, market, economic or legal environment) with a favourable effect on Achmea have taken place during the period; whether market interest rates have decreased and are likely to affect the discount rate used in calculating value in use and increase recoverable amount materially. If this is the case, the carrying amount of the intangible asset is increased to its recoverable amount.

An increase in the carrying amount of the asset due to the reversal of the impairment loss may not exceed the carrying amount if no impairment loss would have been recognised in the prior period. A reversal of an impairment loss on Intangible assets is recognised as Other expenses in the Income Statement.

Expenditures related to internally generated goodwill, brand names and research costs are recognised in the Income Statement as an expense when incurred.

Software

Externally acquired software is recognised at cost. Internally developed software is recognised at cost (including borrowing cost incurred) and is capitalised if the following criteria are met:

- Internally developed software is clearly defined and the costs attributable can be separately identified;
- The technical feasibility can be demonstrated;
- Management has indicated the intention to develop and market, or use, the product or process; and
- There is a clear indication of a future market for the product or process, or its usefulness can be demonstrated.

Software is amortised using a straight-line method over a maximum useful life of five years, or up to ten years when related to insurance policy systems. Software that is an integral part of a computer or a computer-controlled tool and in which that tool or computer does not work without the software (e.g. operating system software), is classified under tangible fixed assets.

Brand name

When Achmea enters into a business combination it recognises a brand name as an intangible asset. The initial measurement of a brand name is based on the application of the 'relief of royalty method', with the use of market observable variables and when not available management expectations that are presumed to be representative of assumptions market participants would use. The valuation techniques used are commonly used in the market. Based on management expectations, Achmea assesses whether the useful life is either finite or indefinite. In the event of a finite useful life Achmea will decide the appropriate useful life on a case-by-case basis, however up to a maximum of twenty years. The amortisation policy is straight-line unless a different method is more appropriate. When the useful life is indefinite, an annual impairment test is performed to assess the recoverability of the carrying amount. Achmea subsequently measures the brand names at the initially established value and if applicable less accumulated amortisation and impairments losses.

Value of business acquired

Achmea applies an extended presentation and recognises the value of business acquired (VOBA) as part of the acquisition of a portfolio of (insurance) contracts or as part of a business combination separately as intangible asset. The initial measurement of VOBA is equal to the difference between the fair value of 'in force' (insurance) contracts in the acquired business using current estimates and assumptions at the time of the business combination and the liability measured according to Achmea's accounting principles. Achmea will subsequently value VOBA at this initially established value less accumulated amortisation and impairment losses. The amortisation policy is straight-line over the expected life unless a different method is more appropriate.

Distribution networks

When Achmea enters into a business combination it recognises distribution networks as an intangible asset. The initial measurement of this intangible asset is based on the application of the 'multi-period excess earnings method', with the use of market observable variables and management expectations. The valuation techniques used are commonly applied within the industry. Based on management expectations, Achmea determines on a case-by-case basis the appropriate useful life generally not exceeding twenty years. Achmea will subsequently measure Distribution networks at the initially established value less accumulated amortisation and impairment losses. The amortisation policy is straight-line unless a different method is more appropriate.

Other intangible assets

Other intangible assets acquired by Achmea are stated at cost less accumulated amortisation and impairment losses. Based on management expectations, Achmea assesses whether the useful life is either finite or indefinite. Achmea will decide on a case-by-case basis the appropriate useful life, generally not exceeding twenty years. When the useful life is indefinite an annual impairment test is performed to assess the recoverability of the carrying amount. Other intangible assets with a finite useful life are amortised using the straight-line method unless a different method is more appropriate.

Property for own use and equipment

Property for own use

Property for own use is measured at the revalued amount, being its fair value at the date of the revaluation less any (subsequent) accumulated depreciation and (subsequent) accumulated impairment losses. Property for own use that is under construction or in development is stated at cost until its fair value can be reliably determined. Changes in the carrying amount resulting from revaluations of Property for own use are recorded in the Revaluation reserve, part of Total equity net of deferred taxes. A decrease in the carrying amount due to revaluation is recognised in the Revaluation reserve, part of Total equity, to the extent of any credit balance existing in the revaluation reserve in respect of that asset and for the remaining part in the Income Statement. A revaluation decrease will be reversed through the

Income Statement in subsequent years if the revalued amount is higher than the carrying amount, but not higher than the cost minus accumulated depreciation. When Property for own use is derecognised, revaluations included in the Revaluation reserve will be transferred directly to Retained earnings and not through the Income Statement. If Property for own use comprises major components with a different useful life, they are accounted for as separate items. Depreciation on Property for own use or on items accounted for separately is charged to the Income Statement on a straight-line basis over the estimated useful economic life, generally not exceeding fifty years. The depreciation method and useful economic life are reviewed annually and adjusted if circumstances or expectations have changed significantly. Land is not depreciated. When Property for own use or its separate items accounted for is revalued, the cumulative depreciation is eliminated against the gross carrying amount of that item of Property for own use.

Equipment

Equipment is measured at cost (including borrowing costs incurred) less accumulated depreciation and impairment losses. If equipment comprises major components with a different useful life these are accounted for as separate items. Depreciation is charged to the Income Statement on a straight-line basis over the estimated useful life of items of equipment and major components that are accounted for separately. The estimated useful life is: software three to five years, hardware three to four years, office furniture (including components) three to six years and other equipment three to six years. The depreciation method and useful life of equipment is reviewed annually and altered prospectively if circumstances or expectations have changed significantly.

Investment property

Investments in real estate are measured at fair value. All fair value changes are recognised as Realised and unrealised gains and losses in the Income Statement. Rental income from Investment property is recognised as Investment income in the Income Statement. Investment property that is being constructed or developed for future use as Investment property is classified as 'Property in development' and stated at cost until its fair value can be reliably determined.

Investments

An investment is initially measured at fair value including transaction costs that are directly attributable to the acquisition or issue of an investment, unless an investment is classified as ‘At fair value through profit or loss’. In that case the initial measurement equals the fair value and transaction costs are included directly in the Income Statement. In some cases, the fair value deviates from the transaction price, (so called day 1 gain/loss). If the fair value is evidenced by observable market data, the ‘day 1 result’ will be accounted for in the Income Statement as Realised gains and losses. In all other cases, the value is adjusted to defer the difference between the fair value and initial value to future periods. The ‘day 1 result’ is recognised in the Income Statement only to the extent it arises from a change in a factor (including time) that market participants would take into account.

Investments classified as 'Available for sale'

Investments backing insurance liabilities are classified as ‘Available for sale’ except for investments backing insurance liabilities measured at fair value, investment backing insurance liabilities where cash flows are discounted using current market interest rates and investments in the form of savings accounts that are directly linked to insurance obligations. Furthermore, all investments not backing insurance or banking liabilities are classified as 'Available for sale'. Investments classified as 'Available for sale' are measured at fair value. Exchange differences resulting from changes in the amortised cost of fixed-income investments are recognised in the Income Statement. Other changes in fair value are transferred to the Revaluation reserve, part of Total equity net of deferred taxes. Upon derecognition of the investment any cumulative unrealised gains or losses, previously recognised in Total equity, are transferred from Total equity to the Income Statement as Realised gains and losses. Interest income on fixed-income investments is determined by using the effective interest rate method. At each reporting date, Achmea assesses whether there is objective evidence that an asset is impaired. If any such evidence exists the decline in the fair value below the (amortised) cost that has been recognised in Total equity is transferred to the Income Statement.

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In the case of investments in equities classified as 'Available for sale', objective evidence that the cost may not be recovered can be demonstrated through a significant (20% or more) or prolonged (12 consecutive months or longer) decline in the fair value below its cost. Fixed-income investments are impaired if there is objective evidence that, as a result of one or more loss events (e.g. financial difficulty at the issuer or breach of contract), estimated future cash flows are impacted negatively.

Investments classified as 'At fair value through profit or loss'

The classification 'At fair value through profit or loss' is used for investments that are either designated at initial recognition to be measured at fair value with changes in fair value recognised in the Income Statement, or as 'Held for trading'.
Achmea designates an investment as 'At fair value through profit or loss' whenever:

- this designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases (also referred to as an 'accounting mismatch');
- financial assets, financial liabilities or both are managed as a group, and their performance is evaluated by management on a fair value basis in accordance with a documented risk management or investment strategy; or
- financial instruments contain one or more embedded derivatives, except if the embedded derivative does not modify significantly the associated cash flows.

Achmea usually does not invest in financial instruments principally for the purpose of selling or repurchasing them in the near term (i.e. for trading purposes).

Investments classified as 'Loans and receivables'

The classification 'Loans and receivables' is used for investments that are backing financial liabilities measured at amortised cost and for savings accounts which are directly linked to insurance liabilities not measured at fair value nor of which the cash flows are discounted using current market based interest rates. These investments are stated at amortised cost, less any allowance for uncollectability. If there is objective evidence that an impairment loss on 'Loans and receivables' has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet occurred) discounted at the financial asset’s original effective interest rate (i.e. the effective interest rate computed at initial recognition). The interest income recognised on an impaired loan or receivable is disclosed separately. A new amortised cost schedule is determined which governs the future interest income recognised in the Income Statement.

Equity and similar investments

Equity investments and similar investments are classified as either 'Available for sale' or 'At fair value through profit or loss'. When optional dividends are taken up as shares, an amount equal to the cash dividend is recognised in the Income Statement. Part of the portfolio of Equity and similar investments consists of Private equity and alternative investments. Private equity and alternative investments are classified in accordance with the framework as described above either 'At fair value through profit or loss' or 'Available for sale' as depending on the measurement basis of the related insurance liabilities. The Private equity (venture capital) in the form of capital interests in entities in which these entities are not considered to be a subsidiary or an associate or joint venture, are classified as ‘At fair value through profit or loss’.

The fair value of Private equity and alternative investments that are not listed on a stock exchange is based on models as recommended in the International Private Equity and Venture Capital Valuation Guidelines.

Fixed-income investments

For fixed-income investments classified as 'Available for sale' that cover insurance liabilities of which the cash flows are based on locked assumptions within the Dutch life insurance business, unrealised fair value changes are included in Total equity and subsequently transferred to Profit sharing and bonuses for policyholders as part of the Insurance liabilities. This transfer is halted whenever Profit sharing and bonuses for policyholders is negative. Unrealised losses on the fixed-income investments included in the Income Statement, in case the transfer to Profit sharing and bonuses for policyholders was halted, are reversed through the Income Statement if the fair value of the investments subsequently increases. When the reversal is complete, the transfer to Profit sharing and bonuses for policyholders is resumed.

Derivatives

All derivatives are classified as ‘At fair value fair value through profit and loss'. Achmea uses derivatives to manage its exposure to market risks arising from operating, investing and/or financing activities. Derivatives embedded in other financial instruments are separated and measured separately if they are not closely related to the host instrument. A convertible bond is separated into a bond part classified as 'Available for sale' and an equity conversion option classified as a derivative. The bond part is measured according to the valuation of a similar bond with the same characteristics. The fair value of interest rate swaps is the estimated amount that would be received or paid to terminate the swap at reporting date, taking into account current interest rates and creditworthiness of the swap counterparties. Depending on their value, derivatives are either presented as Investments (assets) or as Derivatives (liabilities).

Other financial investments

Other financial investments includes Investments related to cash collateral received in securities lending, that are directly related to invested collateral under securities lending programmes. The investments are not at free disposal and can only be used to repay the collateral provided by the borrower on the related securities lending transaction. The repayment obligation with respect to the collateral provided is included in the Statement of Financial Position as part of Other liabilities. The investments are measured at fair value with unrealised value changes recognised in Total equity net of taxes, unless there is evidence of defaults regarding these investments, which are treated as an impairment loss.

Securities borrowing and lending

Investments lent under securities lending arrangements continue to be recognised in the Statement of Financial Position and are measured in accordance with the accounting policy as described under I Assets and Liabilities.

Investments backing linked liabilities

Investments backing linked liabilities are investments related to insurance contracts where the policyholder bears the investment risk or which are backing 'Investment contracts'. These investments comprise investments relating to insurance contracts with segregated investments, deposits for group life contracts with full profit sharing, unit-linked life insurance policies, investment contracts and investments covering obligations under insurance or investment contracts where the benefits are index-linked. These investments are designated as 'At fair value through profit or loss' to reduce a measurement inconsistency that would arise as related liabilities are measured at fair value and both are managed as a group.

Banking credit portfolio

These assets relate to the banking activities and consist of loans and advances to customers and loans and advances to credit institutions. These assets are either measured at amortised cost and classified as 'Loans and receivables' or measured at fair value and classified as 'At fair value through profit or loss'. The classification 'At fair value through profit or loss' is used for assets that are either designated at initial recognition to be measured at fair value with changes in fair value recognised in the Income Statement or as 'Held for trading'. Assets are designated as 'At fair value through profit or loss' whenever this designation eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them using different bases. Foreign currency results are recognised in the Income Statement. The Banking credit portfolio, measured at amortised cost, is adjusted to reflect identified incurred losses (including incurred but not yet reported losses) within the portfolio. If all or part of the portfolio proves to be uncollectible, the amount concerned is written off from the corresponding allowance account. Achmea applies hedge accounting for some of its banking and treasury operations.

Deferred acquisition costs

Acquisition costs are expenses incurred in connection with the issue of new insurance contracts or the renewal of existing contracts (including investment contracts). They include commissions paid and expenses for processing of proposals. Acquisition expenses directly or indirectly related to the sale of insurance contracts not measured at fair value are deferred to the extent that they are deemed recoverable from future revenues. Deferred acquisition costs are subject to recoverability testing at the time of policy issue and included in the liability adequacy test of insurance liabilities at the end of each reporting period.

Acquisition expenses related to securing the right to provide investment management services related to investment contracts are deferred to the extent deemed recoverable from future revenues. Deferred acquisition costs related to investment contracts are tested separately for impairment. Achmea does not consider anticipated investment income in the determination of the recoverability. Any irrecoverability of Deferred acquisition costs as a result of liability adequacy testing is recognised as an impairment loss and included in Operating expenses. Deferred acquisition costs are amortised over the lifetime of the related insurance contracts.

Amounts ceded to reinsurers

Reinsurance premiums ceded and reinsurance recoveries on benefits and claims incurred are deducted from the respective income and expense accounts. Prepaid reinsurance premiums represent the ceded portion of unearned premiums. Amounts recoverable from reinsurance are estimated in a manner consistent with the claim liability associated with the reinsured risk. An impairment loss is accounted for if there is objective evidence as a result of an event that Achmea will not receive all amounts due under the contract and this amount can be measured reliably. Accordingly, revenues and expenses related to reinsurance agreements are recognised consistently with the underlying risk of the business reinsured.

Receivables and accruals

Receivables and accruals are measured at amortised cost, which usually equals the face value, adjusted for accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and call deposits and are measured at fair value.

Total equity

Achmea shares held by the company (own shares) are accounted for by a reduction within Total equity at the moment of purchase by Achmea or its subsidiaries on the basis of the purchase price paid. Any results upon the subsequent sale of such treasury shares are recognised directly within Total equity. Any Non-controlling interest related to subsidiaries is presented as a separate component within Total equity and is equal to the third-party share in the subsidiary's equity based on Achmea's accounting principles.

Insurance liabilities

Insurance contracts are defined as contracts that transfer significant insurance risk. Insurance risk exists if a scenario exists that has commercial substance under which, based on an insured event, additional payments have to be made. Insurance risk is considered significant if the payment on occurrence of an insured event differs at least 10% from the payment if the event does not occur.

General measurement principles

Gross written premiums for Life insurance contracts are generally recognised in the Income Statement when due. Earned premiums for Non-life and Health insurance contracts are generally recognised in proportion to the period of insurance coverage provided. A loading for expenses is included in premiums. When premiums are recognised, the loadings emerge and are included in Insurance liabilities and subsequently released in future periods to offset actual expenses (operating expenses, non-deferrable acquisition costs and amortisation of deferred acquisition costs). When premiums are recognised, liabilities for future contract benefits are recorded, resulting in benefits and expenses being matched with the revenues and profits being recognised over the lifetime of the contracts. The assumptions used in the calculation of the provisions are based on objective externally published data or, when not available, internal data. For participations in underwriting pools, co-insurance or guarantee fund agreements an amount equal to the share in these agreements, generally measured based on the specific provisions in these agreements, is recognised. The information used is received from the management of these agreements. Options, guarantees and other derivatives embedded in an insurance contract that do not bear any insurance risk and that are not closely related to the host insurance contract are separately recognised as a derivative. Options and guarantees that are closely related to the insurance contract are included in the measurement of Insurance liabilities. Achmea tests the adequacy of the recognised insurance liabilities and related assets at each reporting date and more often if deemed necessary. The test applies to value of business acquired (VOBA), deferred acquisition costs and insurance liabilities. The test considers current estimates of all contractual cash flows of the insurance liabilities, including expected cost for claim handling, guarantees and embedded options. If the test shows that the insurance liabilities are inadequate, Achmea will recognise a loss. In this, first the recognised value of business acquired will be reduced. Any remaining deficit is either compensated first by reductions of deferred acquisition costs or ultimately by increasing the related insurance liabilities.

Profit sharing and bonuses for policyholders (Life and Non-life)

A provision is made for any profit share that policyholders or beneficiaries are entitled to. Vested rights that have not yet been credited to policyholder accounts are included in the provision for profit sharing and bonuses for policyholders. Other vested rights are included in the Provision for life policy liabilities. The calculation of the provision depends on the extent to which policyholders benefit from any surpluses earned on insurance contracts or operations. The provision includes amounts allocated under the relevant local statutory or contractual regulations to the account of policyholders.

The provision for profit sharing and bonuses for policyholders also includes amounts arising from the valuation of certain fixed-income investments at fair value and derivatives held to mitigate the interest rate risk inherent in the related insurance liabilities. Unrealised gains and losses in connection with the measurement of these investments that were recognised in Total equity are subsequently transferred to Profit sharing and bonuses for policyholders, to the extent that the policyholder will participate in such gains and losses on the basis of statutory or contractual regulations.

Provision for unearned premiums (Health and Non-life)

Gross written premiums attributable to income of future years are accrued in the Provision for unearned premiums. The Provision for unearned premiums is determined in proportion to the duration of the contract.

Provision for premium deficiency and unexpired risks (Health and Non-life)

The Provision for premium deficiency is calculated for each insurance portfolio on the basis of estimates of future claims, costs, premium earned and proportionate investment income. For insurance policies covering a risk which increases during the term of the policy at premium rates independent of age, this risk is taken into account in determining the provision.

Outstanding claims provision including incurred but not reported claims (Health and Non-life)

The Outstanding claims provision relates to insurance claims that have not been settled at reporting date. The provision is determined either case-by-case or statistically. The provision also includes amounts for incurred but not reported claims at reporting date. In determining the provision, costs for claim handling are taken into account. The Outstanding claims provision is based on estimates of expected insurance losses and unexpired risks for all lines of business. This takes into

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consideration management's judgement on the anticipated level of inflation, regulatory risks and trends in claims and claim handling. Estimates of expected insurance losses are developed using historical claims experience, other known trends and developments, and local requirements. No deductions are made for salvage, subrogation and other expected recoveries from third parties for reported claims. These are accounted for under non-insurance assets acquired by exercising rights to recoveries, as part of Receivables and accruals. Expected claim payments included in the Outstanding claims provision are not discounted except for disability insurance contracts. For this type of insurance contracts the provision reflects the present value of the expected claim payments, calculated on the basis of a fixed interest rate (3%). Waiting periods are taken into account when determining the provision. An average term is taken into account for the probability of rehabilitation. For some risks no adequate statistical data are available, such as environmental and asbestos damage claims and large-scale individual claims, because some aspects of these types of claims are still evolving. Provisions for such claims have been made following an analysis of the portfolio in which such risks occur.

Provision for life policies

Insurance liabilities for traditional life insurance contracts are established by the net-level premium method and based on the actuarial and economic assumptions used in pricing the contracts. The assumptions on which the calculations are based vary, particularly with regard to mortality, morbidity and interest rates. These assumptions are initially based on best estimates of future experience at policy inception date, in some cases taking into account a margin for the risk of adverse deviation. The assumptions used are regularly reviewed, compared to actual experience and, if necessary, updated, depending on the type of products. The provision for unearned premiums, provision for premium deficiency and unexpired risks and provision for outstanding claims are included to the extent that these relate to the life insurance business. In the adequacy test mortality and morbidity rate assumptions are based on most recent observations as published by relevant bodies which are adjusted to reflect Achmea's own experience and to allow for the trend in mortality risk over the coming years. Persistency assumptions are based on historical experience. Different accounting principles are used to measure the life policy liabilities based on the matching characteristics between (financial) assets and the life policy liabilities and the specific nature of the portfolios, profit sharing features and embedded options:

- Insurance liabilities measured at fair value. All assumptions used are based on actual assumptions and current market interest rates. Fair value changes are recognised in the Income Statement. The related financial investments are classified as 'At fair value through profit or loss'.
- Insurance liabilities whose cash flows are discounted using current market based interest rates which are sometimes based on the (projected) market return of related financial investments. Changes in the value of these insurance liabilities are recognised in the Income Statement. The related financial investments are classified as 'At fair value through profit or loss'.
- Insurance liabilities whose cash flows are based on locked assumptions are discounted at fixed discount rates (often 3% or 4% depending on their date of inception). For the Dutch life insurance business, the fair value changes of related interest sensitive financial instruments, classified as 'Available for sale', are transferred through Total equity to Profit sharing and bonuses for policyholders. This component of Profit sharing and bonuses for policyholders may not be negative. Part of the Dutch life insurance business comprises insurance liabilities that are directly linked to savings accounts, for which the value is determined based on these accounts. The related financial investments are classified as 'Loans and receivables'.
- Insurance liabilities whose cash flows are directly influenced by profit sharing features are adjusted through the application of shadow accounting. Unrealised fair value changes of investments (classified as 'Available for sale') backing these insurance liabilities are transferred to Total equity. The related change in the value of the insurance liabilities is also transferred to Total equity.

Deferred interest surplus rebates

The deferred interest surplus rebates in the Dutch life insurance industry are netted with the provision for life policy liabilities. These rebates are granted in any year on regular or single premiums for pension and life insurance which are based on the expectation that actual investment yields will exceed the discount rate applied in the pricing of the policies. The rebates are amortised over a 10-year period on the basis of annually increasing amounts, consistent with the manner in which the interest surplus was expected to be realised.

Insurance liabilities where policyholders bear investment risks

Insurance liabilities for unit-linked policies and other insurance contracts where the policyholder bears the investment risk are accounted for at the value of the associated investments. The insurance liabilities for contracts with segregated investments are generally calculated on the basis of the contractual provisions for the insurance contract. In case of a surplus of these segregated assets, the amounts are recognised as Other liabilities.

Investment contracts

Contracts with no or insignificant insurance risk are recognised as Investment contracts. Investment contracts are measured at fair value with changes in fair value through the Income Statement. These contracts are designated as 'At fair value through profit or loss' because they are, together with the related investments backing these liabilities, managed as a group. The fair value of investment contracts is the higher of the fair value of the financial instruments linked to the investment contracts, the surrender value (adjusted for any surrender penalties) and the discounted maturity value (against a risk-free interest rate). The fair value for non-linked investment contracts is the higher of the discounted exit value using a risk-free interest rate or the surrender value (adjusted for surrender penalties).

Post-employment benefits

Contributions payable to defined contribution pension plans are recognised as an expense in the Income Statement when incurred.
The net obligation in respect of defined benefit pension plans is calculated separately for each plan, using the 'projected unit credit method'. In accordance with this method, the future benefits that employees have earned in return for their service in the current period and prior periods are estimated. The rates used for salary developments, discounting and other adjustments reflect the specific country conditions. The liability is discounted to determine the present value. Subsequently, the fair value of plan assets is deducted in order to calculate the Net defined benefit liability/asset. Current service cost and net interest on the Net defined benefit liability/asset based on assumptions at the beginning of the reporting period are included in the consolidated Income Statement. Remeasurements of the net defined benefit liability are included in the Consolidated statement of comprehensive income. In calculating the Net defined benefit liability future employee contributions are included.
Achmea recognises past service cost as an expense at the earlier of:

- plan amendment or occurrence of the curtailment; and
- when it recognises related service cost or termination benefits.

Achmea recognises a gain or loss on settlement of a defined benefit plan when the settlement occurs. The present value of defined benefit assets at reporting date is recognised to the amount of the economic benefit that will be available to Achmea in the form of refund from the plan or reductions in future contributions.

Other provisions

Other provisions are recognised when a legal or constructive obligation, which can be reliably estimated, exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the provision is to be used over a period longer than one year, expected cash flows are discounted.
A provision for restructuring is recognised when management has approved a detailed and formal restructuring plan, and the restructuring was either commenced or has been announced to the parties concerned prior to reporting date. Costs relating to the ongoing activities of Achmea are not provided for.
Achmea's net obligation in respect of other long-term service benefits, other than pension plans, is the amount of future benefits that employees have earned in return for their service in the current period and prior periods. The obligation is calculated using the 'projected unit credit method' and is discounted to its present value. The fair value of related assets is deducted.

Banking customer accounts and Loans and borrowings

Banking customer accounts are measured at amortised cost.
Loans and borrowings include all loans from external parties to Achmea, financial lease liabilities and financial reinsurance liabilities. These consist of deposits from banks, secured banks loans, unsecured bank loans and subordinated loans. These liabilities are measured at amortised cost. Collateral received from borrowers as far as this is invested in the securities lending programmes is recognised as a financial liability as there is an obligation to repay the cash received as collateral. These liabilities are measured at amortised cost. As no premiums or discounts are received on the collateral, the amortised cost equals the nominal value. Fair value hedge accounting is applied to some loans when this is in accordance with the financial risk management policy.
Some financial liabilities are designated as 'At fair value through profit or loss' when these liabilities are recognised due to the termination of insurance contracts and the future sale of related financial assets to reduce measurement inconsistencies.

Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised in Total equity, in which case these items are recognised in Total equity net of taxes.
Expected tax payable or receivable are based on the taxable profit or loss for the year using tax rates enacted or substantially enacted at reporting date, and any adjustment to current tax in respect of previous years.
Deferred tax is provided for using the balance sheet liability method for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of these assets and liabilities. The amount of deferred tax provided for is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted at reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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J KEY ACCOUNTING ESTIMATES

For the measurement of certain items of the Statement of Financial Position, Achmea uses assumptions and estimates concerning future results or other developments, including the likelihood, timing or amounts of future transactions or events. Inherent to estimates is that the actual results may differ materially. The accounting estimates that are most critical to Achmea's business operations and to the understanding of its results and which involve complex or subjective decisions or assessments are presented below.

Control assessment

In making the assessment whether Achmea controls an entity, Achmea analyses whether it has power over the entity. The outcome of this analysis depends on the purpose and design of the entity, what are the relevant activities (that drive the entity's returns) and how decisions about them are taken and whether rights of the entity give current ability to direct the relevant activities. In performing this assessment, Achmea has defined the most relevant activity as the ability to determine the strategic policies of an entity. The outcome of the analysis also depends on whether Achmea is exposed to or has rights to variable returns from its involvement with the entity and whether Achmea has the ability to use its powers over the entity to affect the amount of its returns. If an investee performs activities for the benefit of the public good and not only for the benefit of Achmea and/or its customers (for example health related foundations), no ability for Achmea to use its power over the entity to affect the entity's return is presumed to exist. Different assumptions may result in a different outcome of the control assessment.

Impairment testing of intangible assets

In testing for impairment of intangible assets, the carrying amount is compared with the recoverable amount, e.g. the higher of an asset's fair value less costs to sell and value in use. Determining the value in use is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the net future cash flows, assumptions are required to be made in respect of uncertain elements like timing and amount of projected cash flows and development of future discount rates. Assumptions regarding goodwill impairment testing are further disclosed in Note 6 Intangible assets.

Fair value of Property for own use and Investment property

The methods used to determine the revalued amount for Property for own use and fair value of Investment property are described in Note 4 Fair value hierarchy. The assumptions used in applying some of these methods are supported by the terms of any existing lease and other relevant contracts and by external evidence such as recent and expected general economic trends, current market rents for similar properties in the same location and condition. Various assumptions should be made and techniques applied in valuing property whereby these assumptions and techniques, may have significant consequences for the valuation.

Impairment testing of financial assets

There are a number of significant risks and uncertainties inherent in the process of monitoring financial assets and determining if an impairment loss exists. For example, Achmea's assessment of a counterparty's ability to meet all of its contractual obligations when the creditworthiness of that counterparty or the economic outlook of the counterparty changes. Achmea applies judgement to establish whether a loss event has occurred, resulting in an impairment loss for a fixed-income investment. Specifically, Achmea assesses an counterparty's ability to meet both principal and interest payments when the financial condition of the counterparty changes. Objective evidence of impairment of an equity investment classified as 'Available for sale' includes information about significant changes with an adverse effect have taken place in the market, the technological, economic or legal environment in which the counterparty operates, and indicates that the cost of the investment in the equity investment may not be recovered. A significant or prolonged decline in the fair value of an equity investment below its cost is also objective evidence for impairment. Equity investments held in an unrealised loss position that are below cost for over twelve consecutive months or significantly below cost (20%) at reporting date are impaired. When determining the impairment loss, qualitative indicators are also used to determine if impairment is required before these thresholds are met. For the Banking credit portfolio, future cash flows are evaluated for impairment of a portfolio of financial assets on the basis of the contractual cash flows of the assets in the portfolio and historical loss experience for assets with credit risk characteristics similar to those in the portfolio. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist. Current observable data may include changes in unemployment rates, property and commodity prices. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Fair value of financial assets and liabilities determined using valuation techniques

In the absence of an (active) market, the fair value of non-quoted financial assets and liabilities is estimated by using present value or other valuation techniques. Reference is made to Note 4 Fair value hierarchy for a detailed description of the methods used. Valuation techniques are subjective in nature and significant judgement is involved in establishing fair values for certain financial assets and liabilities. Valuation techniques involve various assumptions on the pricing factors. The use of different valuation techniques and assumptions could have an effect on the fair value.

Recognition of deferred tax assets

Deferred tax assets are established for the tax benefit related to deductible temporary differences, carry forwards of unused tax losses and carry forwards of unused tax credits when, in the judgement of management, it is likely that Achmea will receive the tax benefits. A change in judgement could have a substantial effect on value of the deferred tax asset. As there is no absolute assurance that these assets will ultimately be realised, management reviews Achmea's deferred tax positions periodically to determine if it is likely that the assets will be realised. Furthermore, management considers tax planning strategies to increase the likelihood that the tax assets will be realised.

Receivables and accruals - Health segment

Settlement of medical care costs between Dutch insurers and hospitals, mental health institutions ('GGZ-Instellingen') and rehabilitation centres is based on so-called 'DBC op weg naar Transparantie' (DOT) that covers the whole duration of a medical treatment. DOTs are based on a pre-arranged budget. Before 2012 this settlement was based on so-called 'Diagnose Behandel Combinaties' (DBC) with an upfront funding which is included in Receivables and accruals. The private health insurance system that is in force in the Netherlands consists of two parts: basic health insurance and supplementary health insurance. Coverage within basic health insurance is heavily determined by law and influenced by political processes. The basic health system (inherently) comprises uncertainties, due to the calculation methods applied. A system of risk mitigating features is in force in the Netherlands to reduce the uncertainties that are raised by the system. The measurement of receivables regarding the Health Insurance Fund is an inherently uncertain process, involving assumptions for national healthcare costs and allocation of healthcare costs to budget parameters. For more details regarding the uncertainties and the risk mitigating factors in health insurance, a reference is made to Note 49 Risk management. Any change in the assumptions could have an impact on the settlement with the Dutch government (Health Insurance Fund).

Insurance liabilities including deferred acquisition costs (DAC) and value of business acquired (VOBA)

The measurement of insurance liabilities, DAC and VOBA is an inherently uncertain process, involving assumptions for changes in legislation, social, economic and demographic trends, inflation, investment returns, policyholder behaviour, and other factors, and, in the Life and part of the Non-life insurance business, assumptions concerning mortality and morbidity trends. Specifically, significant assumptions related to these items that could have a material impact on Net profit include interest rates, mortality and morbidity rates, trends in claims and assumptions used in the liability adequacy test. The data used to calibrate the Insurance liability outstanding claims related to Dutch health-insurance contracts is based on historical information. The results on the equalisation fund (including standard nominal premium) and claims level are preliminary and will probably change and shift between insurers for some years. Achmea reassesses provisions for the underwriting year on an annual basis based on the latest information on claims level, macro-neutrality and settlements with the Dutch government (equalisation fund allocation for the related underwriting year). When appropriate, Achmea has made additional provisions. In addition, the adequacy of the Insurance liabilities for life policies liabilities, net of DAC and VOBA, is evaluated regularly. The assumptions used are based on a combination of experience within Achmea and market benchmarks, such as those supplied by the statistics department of the Dutch Association of Insurers and the Dutch Society of Actuaries and similar bodies throughout Europe. Where possible, Achmea uses market observable variables and models / techniques which are commonly used in the industry. The use of different assumptions in this evaluation could have an effect on the insurance liabilities and underwriting expenses.
Insurance liabilities also include the impact of minimum guarantees which are included in certain insurance contracts. The recognition of these guarantees depends on the difference between the potential minimum benefits payable and the total account balance, expected mortality and surrender rates. The determination of the potential minimum benefits payable also involves the use of assumptions on inflation, investment returns, policyholder behaviour, and mortality and morbidity trends. The use of different assumptions on these factors could have an effect on insurance liabilities and underwriting expenses.

Valuation of Post-employment benefits

The determination of the defined benefit plan liability is based on actuarial models and calculations using the projected unit credit method. Inherent in these actuarial models are assumptions for discount rates, rates of increase in future salary and benefit levels, mortality rates, expected healthcare costs and consumer price index. The assumptions are based on available market data and are updated annually. Reference is made to

Note 22 Post-employment benefits for the assumptions used in connection with pension and other post-employment benefits. The actuarial assumptions may differ significantly from the actual results due to changes in market conditions, economic trends, mortality rates, and other assumptions. Any changes in these assumptions could have an impact on the valuation of defined benefit plans.

Valuation of Other provisions

The determination of provisions is an inherently uncertain process involving estimates regarding amounts and timing of cash flows. See Note 23 Other provisions for further clarification on the most important assumptions.

Group tax position

Achmea is involved in litigation in respect of the applicability of the (Dutch) participation exemption facility to income derived from the sale of certain activities. The (Dutch) tax authorities are of the opinion that part of the income in question is not eligible for the facility and have therefore increased the taxable income previously declared by Achmea in the assessment accordingly. Judgement in favour of the tax authorities could lead to a tax liability of € 295 million.

The case has been heard by a judicial panel of the fiscal chamber of a (Dutch) district which recently judged against the arguments of the company. Achmea analysed the motivations and reassessed its position in this matter. Based on this assessment, Achmea decided to bring the case to the court of appeal. As Achmea believes that disclosure of all information could prejudice its position in the dispute, pursuant to the provisions of paragraph 92 of IAS 37 the disclosure is limited.

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2. SEGMENT REPORTING

Segments are components of Achmea that are regularly reviewed by the Executive Board in order to allocate resources to the segment and to assess its performance. Achmea recognises the following segments:

- Non-life Netherlands: consists of insurance contracts issued to customers to cover the risks related to motor vehicles, property, general liability, occupational health and accident, including disability and short term sickness.
- Health Netherlands: covers basic and supplementary health insurance and health services in the Netherlands. The segment Health Netherlands consists of two operating segments that have been aggregated based on the fact that they have similar economic characteristics, i.e. the same kind of insurance products are sold by these operating segments.
- Pension & Life Netherlands: covers life and pension insurance, including unit-linked insurance.
- International: contains all activities outside the Netherlands. Segment International operates actively in the countries Greece, Slovakia, Turkey and Ireland, as well as a greenfield start up with Rabobank in Australia. The international activities include primarily insurance activities. Insurance activities relate to the provision of Non-life, Health and Life insurance policies, including the provision of investment contracts containing no or insignificant insurance risk. Furthermore, associates in which significant influence is exercised by management outside the Netherlands are included within this segment.
- Banking Netherlands: the principal activities are providing residential mortgage loans, saving accounts and private banking. Achmea is active in banking in the Netherlands through Achmea Bank and Staalbankiers.
- Other: consists of both asset and pension fund management activities (Syntrus Achmea) and aggregator activities (Independer.nl). Furthermore, investments not related to the Non-life Netherlands, Health Netherlands, Pension & Life Netherlands, International and Banking Netherlands, shared service centres and staff departments, net of their recharges to the segments described below, are included in this segment.

The segments formulate strategic, commercial and financial policies within the overall strategy, performance targets and risk appetite set by the Executive Board. All segment revenues reported relate to external customers.

Given the relative size and composition of Achmea’s operations, no customers with a contribution of 10% or more of revenues (Gross written premiums, Banking income and Fee and commission income) are identified. Achmea's activities are located mainly in the Netherlands.

As of 2015, Achmea uses operational results as a measure of segment profit and loss, instead of Profit before tax. Operational result is calculated by adjusting Profit before tax for special items. These are items within income and expense that are significant and arise from events or transactions that are clearly distinct from the ordinary business activities and therefore are not expected to recur frequently. This includes for instance restructuring expenses, goodwill impairments and results on divestments before tax related to divested operations. Comparative figures have been adjusted accordingly.

Intangible assets, including distribution channels, are allocated as far as possible to the segments that make use of the asset concerned. In 2015, there was a reclassification of Intangible assets from the segment ‘Pension & Life Netherlands’ with a carrying amount of €45 million as at 31 December 2015 (31 December 2014: €50 million) and ‘Non-life Netherlands’ with a carrying amount of €1 million (31 December 2014: €1 million) to the segment ‘Other’ with a corresponding reclassification in the Other liabilities, due to intragroup relations, because a particular distribution channel is managed from multiple segments. Given the amortisation on this distribution channel, related amortisation expenses recorded as Operating expenses to the amount of €5 million in 2015 (2014: €5 million) were reclassified from the segment ‘Pension & Life Netherlands’ to the segment ‘Other’ as well. Comparative figures have been adjusted accordingly. Neither adjustments have any effect on Achmea’s Net profit, Total equity or earnings per share.

The accounting policies of the segments are the same as those described under Note 1 Accounting policies. Prices for intersegment transactions are set at a 'cost-price-plus' basis.

Segment results represent revenues earned by each segment minus operational and other expenses allocated to the segment.

Expenses for shared service centres and corporate expenses are allocated to segments based on the activities performed.

SEGMENT CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	INTER-NATIONAL	BANKING NETHERLANDS	OTHER [1]	INTER-SEGMENT ELIMINATIONS	TOTAL
Assets								
Intangible assets	695		10	128	1	136		970
Associates and joint ventures		3	54	78	7	1		143
Property for own use and equipment	66	10	4	57		315		452
Investment property			761	57	1	295		1,114
Investments	6,641	3,451	33,340	2,902	806	739	−3,004	44,875
Investments backing linked liabilities	20		16,182	2,528				18,730
Banking credit portfolio					14,866			14,866
Deferred tax assets				69		748		817
Deferred acquisition costs			45	92				137
Amounts ceded to reinsurers	94	13	351	988			−65	1,381
Receivables and accruals	727	5,416	820	348	10	111	−117	7,315
Cash and cash equivalents	38	497	259	146	945	263	−31	2,117
Total assets	**8,281**	**9,390**	**51,826**	**7,393**	**16,636**	**2,608**	**−3,217**	**92,917**
Equity								
Equity attributable to holders of equity instruments of the Company	1,982	3,190	3,464	904	841	−118		10,263
Non-controlling interest	2					15		17
Total equity	**1,984**	**3,190**	**3,464**	**904**	**841**	**−103**		**10,280**
Liabilities								
Insurance liabilities	6,049	5,182	30,487	3,526			−945	44,299
Insurance liabilities where policyholders bear investment risks	13		15,963	264				16,240
Investment contracts				2,338				2,338
Post-employment benefits		19		22		−30	880	891
Other provisions	12	9	8	36	1	268		334
Banking customer accounts					7,202		−1,207	5,995
Loans and borrowings	59	36	13		7,605	1,763	−1,873	7,603
Derivatives	4	8	842		897	42		1,793
Deferred tax liabilities						15		15
Income tax payable	−1	−9	−4	6	5	195		192
Other liabilities	161	955	1,053	297	85	458	−72	2,937
Total liabilities	**6,297**	**6,200**	**48,362**	**6,489**	**15,795**	**2,711**	**−3,217**	**82,637**
Total equity and liabilities	**8,281**	**9,390**	**51,826**	**7,393**	**16,636**	**2,608**	**−3,217**	**92,917**

[1] *Within segment Other there are Intercompany positions with the other segments which can result in negative positions*

The intersegment eliminations consist primarily of the elimination of intersegment financing activities. The following capital expenditures are included in segments: Pension & Life Netherlands €16 million (2014: €2 million), International €21 million (2014: €11 million), Non-life Netherlands €22 million (2014: nil), Health Netherlands €4 million (2014: €3 million), Banking Netherlands nil (2014: nil) and Other activities including intersegment adjustments €22 million (2014: €27 million).

SEGMENT CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	INTER-NATIONAL	BANKING NETHERLANDS	OTHER [1]	INTER-SEGMENT ELIMINATIONS	TOTAL
Assets								
Intangible assets [2]	718		65	141	1	141		1,066
Associates and joint ventures		6	51	81	6	1		145
Property for own use and equipment	74	9	4	59		326		472
Investment property			757	60	5	303		1,125
Investments	6,921	4,881	34,386	2,926	1,245	347	−3,569	47,137
Investments backing linked liabilities	25		16,306	2,349				18,680
Banking credit portfolio					15,227			15,227
Deferred tax assets				55		473		528
Deferred acquisition costs			49	90				139
Amounts ceded to reinsurers	75	9	465	961			−74	1,436
Receivables and accruals	939	3,395	989	337	16	−58	−84	5,534
Cash and cash equivalents	36	693	12	204	473	416	−118	1,716
Total assets	**8,788**	**8,993**	**53,084**	**7,263**	**16,973**	**1,949**	**−3,845**	**93,205**
Equity								
Equity attributable to holders of equity instruments of the Company	2,134	2,947	3,291	853	767	−188		9,804
Non-controlling interest	1					13		14
Total equity	**2,135**	**2,947**	**3,291**	**853**	**767**	**−175**		**9,818**
Liabilities								
Insurance liabilities	6,112	5,033	30,687	3,559			−846	44,545
Insurance liabilities where policyholders bear investment risks	12		16,731	271				17,014
Investment contracts				2,158				2,158
Post-employment benefits		24	162	51		−20	772	989
Other provisions	13	11	8	49	4	328		413
Banking customer accounts					7,762		−1,456	6,306
Loans and borrowings	73	46	17		7,188	1,946	−2,259	7,011
Derivatives	18	18	668		1,160	32		1,896
Deferred tax liabilities						19		19
Income tax payable		−9	−5	8	10	85		89
Other liabilities [2]	425	923	1,525	314	82	−266	−56	2,947
Total liabilities	**6,653**	**6,046**	**49,793**	**6,410**	**16,206**	**2,124**	**−3,845**	**83,387**
Total equity and liabilities	**8,788**	**8,993**	**53,084**	**7,263**	**16,973**	**1,949**	**−3,845**	**93,205**

1 *Within segment Other there are Intercompany positions with the other segments which can result in negative positions*

2 *The figures in the segments Non-life Netherlands, Pension & Life Netherlands and Other have been adjusted for Intangible assets, with a similar volume in Other liabilities, relating to intragroup relations.*

SEGMENT CONSOLIDATED INCOME STATEMENT 2015

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	INTERNATIONAL	BANKING NETHERLANDS	OTHER	INTERSEGMENT ELIMINATIONS	TOTAL
Income								
Gross written premiums	3,128	13,517	2,160	1,123			−6	19,922
Reinsurance premiums	−95	96	−96	−207			7	−295
Change in provision for unearned premiums (net of reinsurance)	60	−145	1	−16			−1	−101
Net earned premiums	**3,093**	**13,468**	**2,065**	**900**				**19,526**
Income from associates and joint ventures		−2		7	1			6
Investment income	106	35	824	86		16	−67	1,000
Realised and unrealised gains and losses	108	32	803	−5	−4	−30	1	905
Income from investments backing linked liabilities			575	145			1	721
Banking income					571		1	572
Fee and commission income, and income from service contracts	16	84		21		277	−1	397
Other income	9	43	19	10		10	−3	88
Total income (excluding non-operational items) [1]	**3,332**	**13,660**	**4,286**	**1,164**	**568**	**273**	**−68**	**23,215**
Expenses								
Net claims and movements in insurance liabilities	2,348	12,773	3,765	713			1	19,600
Profit sharing and bonuses for policyholders	20		625				−1	644
Movements in insurance liabilities where policyholders bear investment risks	1		−760	−5			−1	−765
Fair value changes and benefits credited to investment contracts				119				119
Operating expenses related to insurance activities	881	573	426	254				2,134
Other operating expenses	23	19		9	128	320		499
Banking expenses					459		−58	401
Interest and similar expenses	2		5			62	−6	63
Other expenses	23	8	60	22		42	−3	152
Total expenses (excluding non-operational items) [1]	**3,298**	**13,373**	**4,121**	**1,112**	**587**	**424**	**−68**	**22,847**
Operational result	**34**	**287**	**165**	**52**	**−19**	**−151**		**368**
Transaction results (mergers and acquisitions)				5		5		10
Profit before tax	**34**	**287**	**165**	**57**	**−19**	**−146**		**378**
Income tax expenses								−8
Net profit								**386**
Expense ratio [2]	28.5%	4.3%		22.6%				
Claims ratio [2]	75.9%	94.8%		74.1%				
Combined ratio [2]	104.4%	99.1%		96.7%				
Amortisation charges	17	4	49	14		63		147
Impairment losses	10	4	15	1	1	2		33

1 *Total income and Total expenses are presented in the Consolidated Income Statement Per Segment excluding non-operational items. The amounts as presented in the table above can be reconciled with the amounts as presented in the Consolidated Income Statement as follows: Transaction results (mergers and acquisitions) are presented as part of Other income in the Consolidated Income Statement.*

2 *The ratios of segment International include both Non-life and Health insurance business.*

SEGMENT CONSOLIDATED INCOME STATEMENT 2014

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	INTERNATIONAL	BANKING NETHERLANDS	OTHER	INTERSEGMENT ELIMINATIONS	TOTAL
Income								
Gross written premiums	3,163	13,257	2,485	1,109			−12	20,002
Reinsurance premiums	−103	−33	−697	−167			12	−988
Change in provision for unearned premiums (net of reinsurance)	29	−299	1	12				−257
Net earned premiums	**3,089**	**12,925**	**1,789**	**954**				**18,757**
Income from associates and joint ventures		−3		6				3
Investment income	132	48	809	104		17	−72	1,038
Realised and unrealised gains and losses	52	40	3,516	195		−24		3,779
Income from investments backing linked liabilities	2		1,814	228				2,044
Banking income					655		3	658
Fee and commission income, and income from service contracts	20	95		26		290		431
Other income	6	45	18	10		10	−3	86
Total income (excluding non-operational items) [1]	**3,301**	**13,150**	**7,946**	**1,523**	**655**	**293**	**−72**	**26,796**
Expenses								
Net claims and movements in insurance liabilities	2,243	12,125	6,404	971				21,743
Profit sharing and bonuses for policyholders	−7		3,399				−1	3,391
Movements in insurance liabilities where policyholders bear investment risks	4		−2,375	7				−2,364
Fair value changes and benefits credited to investment contracts				159				159
Operating expenses related to insurance activities	919	599	378	285				2,181
Other operating expenses	17	35		26	125	381		584
Banking expenses					553		−61	492
Interest and similar expenses	3		2			91	−8	88
Other expenses	19	−51	74	49	5	40	−2	134
Total expenses (excluding non-operational items) [1]	**3,198**	**12,708**	**7,882**	**1,497**	**683**	**512**	**−72**	**26,408**
Operational result	**103**	**442**	**64**	**26**	**-28**	**-219**		**388**
Impairments goodwill / intangible assets				-65		-78		-143
Reorganisation expenses		-24		-11	-5	-199		-239
Transaction results (mergers and acquisitions)				-14				-14
Profit before tax	**103**	**418**	**64**	**−64**	**−33**	**−496**		**−8**
Income tax expenses								−24
Net profit								**16**
Expense ratio [2]	29.8%	4.6%		28.4%				
Claims ratio [2]	72.7%	93.8%		73.0%				
Combined ratio [2]	102.5%	98.4%		101.4%				
Amortisation charges	20	3	67	14	5	72		181
Impairment losses	5	3	14	66	49	81		218

[1] *Total income and Total expenses are presented in the Consolidated Income Per Segment Statement excluding non-operational items. The amounts presented in the table above can be reconciled with the amounts presented in the Consolidated Income Statement as follows: Transaction results (sales) are presented as part of Other expenses in the Consolidated Income Statement. The non-operational item Impairments goodwill / intangible assets is presented as part of Other expenses in the Consolidated Income Statement and Reorganisation expenses*

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are presented as part of Other expenses and Other operating expenses in the Consolidated Income Statement.The ratios of segment International include both Non-life and Health insurance business.

[2] *The ratios of segment International include both Non-life and Health insurance business.*

GEOGRAPHICAL SEGMENT REPORTING, INCLUDING INTERGROUP ADJUSTMENTS

(€ MILLION)

	THE NETHERLANDS	TURKEY	GREECE	IRELAND	SLOVAKIA	OTHER	TOTAL 2015	TOTAL 2014
Gross written premiums Non-life	3,153	306	185		34	6	3,684	3,688
Gross written premiums Health	13,490	25	84		273		13,872	13,605
Gross written premiums Life	2,156		43	156	11		2,366	2,709
Total gross written premiums	**18,799**	**331**	**312**	**156**	**318**	**6**	**19,922**	**20,002**
Banking income	572						572	658
Fee and commission income, and income from service contracts	377		20				397	431
Income tax expenses	−13	4	5		−2	−2	−8	−24
Total assets	85,613	770	1,345	4,909	244	36	92,917	93,205
Non-current assets	62,537	79	569	2,669	129		65,983	68,842

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3. Interests in subsidiaries

Information about principle subsidiaries

Set out below are Achmea's principal subsidiaries as at 31 December 2015. These principal subsidiaries of the parent company Achmea B.V. are listed by geographical segment. All are wholly owned, directly or indirectly, unless stated otherwise, and are involved in insurance or reinsurance business, asset management or services related to these activities. The voting power in these subsidiaries held by Achmea is equal to the shareholding. The country of incorporation or registration is also their principal place of business.

	CORPORATE SEAT	% OF OWNERSHIP INTEREST HELD BY THE GROUP
THE NETHERLANDS		
Achmea Bank N.V.	The Hague	100%
Achmea Interne Diensten N.V.	Utrecht	100%
Achmea Pensioen- en Levensverzekeringen N.V.	Apeldoorn	100%
Achmea Reinsurance Company N.V.	Tilburg	100%
Achmea Schadeverzekeringen N.V.	Apeldoorn	100%
Achmea Zorgverzekeringen N.V.	Zeist	100%
Achmea Services N.V.	Amstelveen	100%
DFZ Tussenholding N.V.	Leeuwarden	100%
Independer.nl N.V.	Hilversum	77.25%
N.V. Hagelunie	The Hague	100%
Staalbankiers N.V.	The Hague	100%
Syntrus Achmea Pensioenbeheer N.V.	Amsterdam	100%
Syntrus Achmea Real Estate & Finance B.V.	Amsterdam	100%
Syntrus Achmea Vermogensbeheer B.V.	Tilburg	100%
GREECE		
Interamerican Hellenic Life Insurance Company S.A.	Athens	99.89%
IRELAND		
Friends First Holdings Ltd.	Dublin	100%
TURKEY		
Eureko Sigorta A.S.	Istanbul	100%
SLOVAKIA		
Union Poist'ovna A.S.	Bratislava	99.97%
Union Zdravotná Poist'ovna A.S.	Bratislava	100%

The full list of participations as set forth in article 2:379 and 414 of Book 2 of the Dutch Civil Code has been filed with the Trade Register of the Chamber of Commerce.

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Consolidated structured entities

Achmea Bank N.V. and Staalbankiers N.V. (both subsidiaries of Achmea B.V.) use securitisation as a funding source. In all these securitisation transactions, Achmea Bank and Staalbankiers assign a portfolio of mortgage receivables to a special-purpose vehicle (SPV) which issues Notes on the capital markets. With the proceeds of the Notes the SPV can finance the assigned mortgage receivables and with the received interest on the mortgage receivables the SPV can pay the interest on the Notes. The names of these SPVs are Dutch Mortgage Portfolio Loans IX B.V. (DMPL IX B.V.), Dutch Mortgage Portfolio Loans X B.V. (DMPL X B.V.), Dutch Mortgage Portfolio Loans XI B.V. (DMPL XI B.V.), Dutch Mortgage Portfolio Loans XII B.V. (DMPL XII B.V.), Securitised Guaranteed Mortgage Loans II B.V. (SGML II B.V.), Dutch Residential Mortgage Portfolio I (DRMP I).All these SPV's are controlled by Achmea and are therefore consolidated. Reference is made to Note 12 Banking credit portfolio for more information about these consolidated structured entities.

Significant restrictions related to subsidiaries

Certain of Achmea's subsidiaries, principally insurance and banking companies, are subject to restrictions on the amounts of funds they may distribute in the form of cash dividends or otherwise to their parent companies.

An amount of €621 million (31 December 2014: €621 million) of Total equity contributed by a number of subsidiaries at year-end 2015 was subject to regulations and restrictions contained in the statutes. Under these restrictions, these subsidiaries are required to be active on a non-profit basis at least until 2018. These subsidiaries are not permitted to cease their activities. They may also not distribute any profits or dividends to their shareholders. In Ireland, Investments backing linked liabilities amounting to €2,3 billion (31 December 2014: €2,1 billion) are ring-fenced, i.e. are financially separated.

For three healthcare companies in the Netherlands that are indirectly held by Achmea B.V., restrictions exist on the ability to transfer funds amounting to €390 million (31 December 2014: €370 million), because on acquisition of these companies in 2011 a relative autonomy of 5 years has been agreed upon.

4. Fair value hierarchy

Assets and liabilities measured at fair value

This note provides an analysis of assets and liabilities that are measured subsequently to initial recognition at fair value, grouped into three levels (fair value hierarchy) based on the significance of the inputs used in making the fair value measurements. The levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes assets and liabilities valued using quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in markets that are considered less than active or valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant non-observable inputs. This category includes all assets and liabilities where the valuation technique includes inputs not based on observable data and the non-observable inputs have a significant effect on the valuation of the assets or liability, such as investment property, venture capital investments, private equity investments, private sector loans, mortgages loans and advances which are part of the Banking credit portfolio.

Cash and cash equivalents are classified as level 1 when not subject to restrictions. Commercial paper, included within Deposits with credit institutions, is classified as level 1, due to the fact that these are traded in money markets. Other deposits with credit institutions are in general classified as level 2, due to the fact that these are not traded and subject to restrictions.

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ASSETS AND LIABILITES MEASURED AT FAIR VALUE ON A RECURRING AND NON-RECURRING BASIS AS AT 31 DECEMBER 2015

(€ MILLION)

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL 2015
Assets				
Recurring fair value measurements				
Investment property				
residential		7	422	429
retail		23	315	338
offices		12	281	293
other		12	42	54
Investments				
equities and similar investments	1,528	840	571	2,939
fixed income investments	27,471	3,601	3,777	34,849
derivatives	8	3,742		3,750
other financial investments	76	91		167
Investments backing linked liabilities				
Investment property				
residential				
retail		169		169
offices		90		90
other		22		22
equities and similar investments	4,912	1,114		6,026
bonds and other fixed-income investments	3,375	228		3,603
derivatives		389		389
cash and other financial investments	723	7,708		8,431
Banking credit portfolio			289	289
Cash and cash equivalents	2,117			2,117
Total assets measured at fair value on a recurring basis	**40,210**	**18,048**	**5,697**	**63,955**
Non-recurring fair value measurements				
Property for own use and equipment a)			452	452
Total assets measured at fair value on a non-recurring basis			**452**	**452**
Liabilities				
Investment contracts		2,338		2,338
Loans and borrowings		13		13
Derivatives		1,793		1,793
Total liabilities measured at fair value on a recurring basis		**4,144**		**4,144**

a) In accordance with IAS 16 a revaluation model is used to measure Property for own use. An item of property is revalued when the fair value of the asset differs materially from its carrying amount.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING AND NON-RECURRING BASIS AS AT 31 DECEMBER 2014

(€ MILLION)

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL 2014
Financial assets				
Recurring fair value measurements				
Investment property				
residential		7	411	418
retail		29	313	342
offices		11	304	315
other		9	41	50
Investments				
equities and similar investments	1,846	760	496	3,102
fixed income investments	32,533	1,918	1,577	36,028
derivatives		4,024		4,024
other financial investments	198	230		428
Investments backing linked liabilities				
Investment property				
residential				
retail		153		153
offices		75		75
other		26		26
equities and similar investments	3,088	3,358		6,446
bonds and other fixed-income investments	3,798			3,798
derivatives		349		349
cash and other financial investments	622	7,211		7,833
Banking credit portfolio			314	314
Cash and cash equivalents	1,716			1,716
Total assets measured at fair value on a recurring basis	**43,801**	**18,160**	**3,456**	**65,417**
Non-recurring fair value measurements				
Property for own use and equipment			472	472
Total assets measured at fair value on a non-recurring basis			**472**	**472**
Financial liabilities				
Investment contracts		2,158		2,158
Loans and borrowings		19		19
Derivatives		1,896		1,896
Total liabilities measured at fair value on a recurring basis		**4,073**		**4,073**

Main changes in the fair value hierarchy in 2015

At each reporting date Achmea assesses the classification of assets and liabilities measured at fair value. The assessment of the classification in the fair value hierarchy requires judgement, for example the importance of (un)observable inputs used in determining the fair value or with respect to activity of the market. In case of inactive markets, judgement is required on the valuation techniques to be used in order to determine the fair value as well as the interpretation of the level of using market data. As a result, the outcome of the classification process may differ between reporting periods. Achmea's policy is to determine the level of the fair value hierarchy each reporting period and to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. In 2015, no change in classification was made.

Valuation techniques used and valuation process within Achmea for Level 2 and 3 measurements.

Depending on the specific assets and liabilities Achmea has set valuation policies and procedures for determining the fair value. Below, for each type of assets or liability a summary is provided of the valuation process, a description of the technique used and the relevant inputs.

Investment property

Investment property consists of commercial and residential property. The fair value is based on prices in an active market, adjusted, if necessary, for any difference in nature, location or condition of the specific asset. All properties are appraised each quarter. The valuations are carried out by external independent appraisers who hold recognised and relevant professional qualifications. All valuations are carried out following valuation guidelines common in the industry.

The Level 2 Investment property, included within Investments backing linked liabilities, are located in Ireland. The fair value of this Investment property is determined generally using the income capitalisation method. According to this method a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return). The difference between gross and net rental income includes the same expense categories as those for the DCF method with the exception that certain expenses are not measured over time, but included on the basis of a time weighted average, such as the average lease up costs. Under the income capitalisation method, over (above market rent) and under-rent situations, if any, are separately capitalised.

The Level 3 Investment property, included within Investments backing linked liabilities, are located in the Netherlands. The fair value of this Investment property is determined generally using discounted cash flow (DCF) projections based on estimates of future cash flows using a discount rate that reflects current market assessments of the uncertainty on the amount and timing of the cash flows. Although volumes of property transactions in the Netherlands have increased in 2015 compared to previous years, especially in the residential property market, the market is still fragile and thin. Transactions of properties sold cannot easily be compared due to the lack of public available information. For this reason, the valuation of investment property has a higher degree of uncertainty compared to a more stable and active market situation, where comparable transactions are used to validate the appraisal process. The assumptions used in applying the DCF-method are supported by the terms of any existing lease and other relevant contracts and by external evidence, such as recent and expected general economic trends and current market rents for similar properties in similar location and condition. Common costs and obligations related to investment property such as vacancies, rent-free periods, maintenance and repair as well as any obligations that restrict the feasibility of the income and proceeds on disposal of the property are taken into account in the DCF-method. Rental growth rates are based on general economic trends, taking into account specific characteristics of the property being valued. Projections for the cash flows in the DCF-method are made for at least 10 years. The discount rate used depends on both the type of property being valued (e.g. commercial and residential property) as well as the specific characteristics of the property being measured. Due to the characteristics of the inputs for the valuation method used and the current market conditions as indicated before all in the Netherlands located Investment Property is classified as Level 3.

Equity and similar investments

When available, Achmea uses quoted market prices in active markets to determine the fair value of its equities and similar investments. The fair values of investments held in non-quoted investment funds are determined by management after taking into consideration information provided by the fund managers. If no market prices are available, internal models are used to determine fair value. The level 2 classified Equities and similar investments are mainly Investments backing linked liabilities, which comprise mostly investments in unit linked funds. Investments backing linked liabilities are investments related to insurance contracts where the policyholder bears investment risks. These investments are classified as 'At fair value through profit and loss'. The fair value of the investments in unit linked funds is Achmea's share in the Net Asset Value of these funds. These unit linked funds invest primarily in listed securities and therefore the Net Asset Value of the fund is derived from observable input (e.g. quoted prices in active markets for these securities). The remaining level 2 classified Equities and similar investments comprise Commodities and Real estate funds.

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The fair value of Commodities, classified as 'At fair value through profit or loss', represents amounts estimated to be received from or paid to a third party in settlement of these instruments. These instruments are valued by the broker based upon quoted prices in active markets. The fair value of Real estate funds, classified as 'Available for Sale' investments, represents the Net Asset Value of funds managed by Achmea. Achmea reviews these fair values and performs analytical procedures and trend analysis to ensure the fair values are appropriate. The level 3 classified Equities and similar investments comprise private equity and alternative investments which are mainly classified as 'Available for Sale' investments. The private equity investment portfolio mainly consists of investments with a highly diversified nature in terms of sector, geographical region and type of investment. The alternative investment portfolio, classified as 'Available for Sale' investments, mainly consists of infrastructure related investments. The fair value of these portfolios is determined using the Net Asset Value as reported by the fund manager or general partner, which is considered to be the best proxy of fair value of the investment. If an adjustment needs to be recorded in the reported Net Asset Value, this is reflected in the fair value. Part of the private equity investment portfolio is related to Achmea's venture capital and is classified as 'At fair value through profit or loss'. The pricing models are based on models as recommended in the International Private Equity and Venture Capital Valuation Guidelines. Achmea reviews the valuations and performs analytical procedures to ensure the fair values are appropriate.

Bonds and other fixed-income investments (including Loans and mortgages, Deposits with credit institutions and Cash and other financial investments)

In general, the fair value of these fixed-income investments is determined by means of a net present value methodology using estimated future cash flows, taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics. The level 2 classified Bonds and other fixed-income investments comprise mainly the bond part of a convertible bond. The related derivative part of the instrument is presented as part of derivatives. In general, the convertible bond is listed and the value of the instrument is therefore market observable. However, for the separate bond-part this is not the case. The fair value is determined by means the valuation of a similar bond with the same characteristics or if not available using a net present value methodology using estimated future cash flows, taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics.

The level 2 classified Loans and mortgages comprise mainly investment loans. The fair value of these investment loans is determined by means of a net present value methodology using an internally calculated yield taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics. The level 3 classified Loans and mortgages mainly comprise mortgage loans within the insurance business. The fair value of these mortgages is determined using pricing models based on the discounted value of estimated future cash flows using current interest rates. The interest rate used is based on rates in the consumers market adjusted for spreads for amongst others the price risk during the offering period. Part of assumptions used in determining the fair value are unobservable. The fair value derived by the pricing model is back tested with market information derived from recent market transactions for similar mortgages (where available) and/or internal prices used when issuing mortgage loans.

The level 2 classified Deposits with credit institutions comprise short-term deposits with banks with a fixed maturity. These deposits are not tradable and subject to restrictions due their fixed maturity. The fair value of these deposits is in general equal to the nominal value taking into account the time value of money were material.

The level 2 classified Cash and other financial investments comprise mainly saving accounts, part of Investments backing linked liabilities. The fair value is determined by means of a net present value methodology using estimated future cash flows during the fixed interest period, taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics.

Derivatives (assets and liabilities)

The level 2 classified derivatives comprise Interest rate derivatives (including swaptions) currency derivatives and equity derivatives. Where quoted market prices are not available, other valuation techniques, such as option pricing or stochastic modelling, are applied. The valuation is performed by a data vendor. The valuation techniques incorporate all factors that a typical market participant would consider and are based on observable market data when available. Fair values of interest rate derivates (including swaptions), equity derivatives and currency derivatives represent amounts estimated to be received from or paid to a third party in settlement of these instruments. These derivatives are valued using directly observed prices from exchange-traded derivatives or external pricing services or if not available using pricing models based on the net present value of estimated future cash flows. The pricing models which are used are standard industry valuation models (like Black and Scholes-model) and make use of current market data. The market data for interest rate derivatives and cross currency interest rate derivatives consist mainly of the swap curve of the related interest period and currency, where applicable adjusted for contract fees and margin (when part of the contractual cash flows of the derivative).

Achmea normally mitigates counterparty default risk in derivative contracts by entering collateral agreements into the contracts where possible.

Banking credit portfolio

The Level 3 classified Banking credit portfolio comprises mainly private sector loans and advances, which are classified as 'At fair value through profit or loss'. The fair value of these loans and advances is determined using pricing models based on the discounted value of estimated future cash flows using current interest rates. The interest rate used is based on rates in the consumers market adjusted for spreads for amongst others the price risk during the offering period. Part of assumptions used in determining the fair value are unobservable. The fair value derived by the pricing model is compared with market information derived from recent market transactions for similar mortgages (where available) and/or internal prices used when issuing mortgage loans.

Property for own use

The fair value of Property for own use is wholly based on appraisals by independent qualified valuators. The valuation was determined by reference to both observations in the market and various calculation methods, such as the discounted cash flow method. Reflecting the economic environment and market conditions during the recent years, the frequency of property transactions has decreased. Appraisals are therefore generally based on the discounted cash flow method. This method establishes the fair value using the rental income of the property. The valuators use a market based discount rate adjusted for age, location and remaining rental contract period. Due to the lack of actual market transactions that can be used to validate this appraisal process, the valuation of Property for own use has a high degree of uncertainty. For 100% of total fair value of Property for own use in the Netherlands the appraisal was executed during 2015 of which 71% as at year-end 2054 (2014: 87.7%).

Investment contracts

The level 2 classified investment contracts comprise linked and non-linked investment contracts. The fair value of linked investment contracts is the higher of the fair value of the financial instruments linked to the investment contracts, the surrender value (adjusted for any surrender penalties) and the discounted maturity value (against a risk-free interest rate). The fair value for non-linked investment contracts is the higher of the surrender value (adjusted for surrender penalties) and discounted exit value (against a risk-free interest rate).

Loans and borrowings

The level 2 classified loans and borrowings comprise loans related to value transfers. The fair value of these loans is determined using pricing models based on the value of contractual future cash flows discounted using current interest rates based on the swap curve including a credit spread.

Fair value changes related to Investment property and Equities and similar investment included in the Income Statement are presented as part of Realised and unrealised gains and losses; Fair value changes related to Banking credit portfolio included in the Income Statement are presented as part of Banking income. Fair value changes included in Other comprehensive income related to Equities and similar investments and Loans and mortgages are presented as part of Revaluation reserve Changes due to reclassification are changes between investment property and property for own use.

Movement table of Level 3 assets and liabilities measured at fair value on a recurring basis

ASSETS (€ MILLION)

	INVESTMENT PROPERTY	EQUITIES AND SIMILAR INVESTMENTS	LOANS AND MORTGAGES	BANKING CREDIT PORTFOLIO	TOTAL 2015
Balance at 1 January	**1,069**	**496**	**1,577**	**314**	**3,456**
Investments and loans granted	24	70	2,212		2,306
Divestments and disposals	–28	–81	–136	–24	–269
Fair value changes included in Income Statement	–5	6		–1	
Fair value changes included in Other comprehensive income		80	124		204
Balance at 31 December	**1,060**	**571**	**3,777**	**289**	**5,697**

ASSETS

(€ MILLION)

	INVESTMENT PROPERTY	EQUITIES AND SIMILAR INVESTMENTS	LOANS AND MORTGAGES	BANKING CREDIT PORTFOLIO	TOTAL 2014
Balance at 1 January	**1,202**	**432**		**328**	**1,962**
Investments and loans granted	3	48	1,561		1,612
Divestments and disposals	−82	−50	−12	−20	−164
Fair value changes included in Income Statement	−39	−9		6	−42
Fair value changes included in Other comprehensive income		75	28		103
Changes due to reclassification	−15				−15
Balance at 31 December	**1,069**	**496**	**1,577**	**314**	**3,456**

Significant unobservable inputs for Level 3 asset and liabilities measured at fair value

DESCRIPTION	FAIR VALUE AS AT 31 DECEMBER 2015 IN MILLIONS	VALUATION TECHNIQUE USED	UNOBSERVABLE INPUT	RANGE (WEIGHTED AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Investment property					
Residential	422	Discounted cash flows	Discount rate	6.5 – 8.8 (7.8) (%)	Increase will result in a decrease in value
Retail	315	Discounted cash flows	Discount rate	4.0 – 11.8 (6.9) (%)	Increase will result in a decrease in value
Offices	281	Discounted cash flows	Discount rate	6.5 - 24.0 (8.9) (%)	Increase will result in a decrease in value
Other	42	Discounted cash flows	Discount rate	6.1 – 10.1 (7.4) (%)	Increase will result in a decrease in value
Investments					
Equities and similar investments	571	Net Asset Value	N/A	N/A	N/A
Loans and mortgages	3,777	Discounted cash flow	Total spread	157 - 346 (bp)	An increase has no direct impact in the income statement or equity, but is transferred to the Fund for future appropriation through a shadow adjustment
Banking credit portfolio	289	Discounted cash flow	Total spread	121 -328 (bp)	An increase of 10 basispoints will result in a EUR 0.8 million lower income in the income statement

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DESCRIPTION	FAIR VALUE AS AT 31 DECEMBER 2014 IN MILLIONS	VALUATION TECHNIQUE USED	UNOBSERVABLE INPUT	RANGE (WEIGHTED AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Investment property					
Residential	411	Discounted cash flows	Discount rate	6.2 - 9.3 (7.9) (%)	Increase will result in a decrease in value
Retail	313	Discounted cash flows	Discount rate	4.6 - 9.5 (7.0) (%)	Increase will result in a decrease in value
Offices	304	Discounted cash flows	Discount rate	6.5 - 13.0 (8.7) (%)	Increase will result in a decrease in value
Other	41	Discounted cash flows	Discount rate	7.0 - 10.3 (8.6) (%)	Increase will result in a decrease in value
Investments					
Equities and similar investments	496	Net Asset Value	N/A	N/A	N/A
Loans and mortgages	1,577	Discounted cash flow	Total spread	183 - 268 (bp)	An increase has no direct impact in the income statement or equity, but is transferred to the Fund for future appropriation through a shadow adjustment
Banking credit portfolio	314	Discounted cash flow	Total spread	162 - 310 (bp)	An increase of 10 basispoints will result in a EUR 0.7 million lower income in the income statement

Equities and similar investments mainly consist of private equity investment portfolio, amounting to €571 million (31 December 2014: €497 million). These investments have a highly diversified nature in terms of sector, geographical region and type of investment. Because for the main part of these investments, the fair value of these investments is determined using the Net Asset Value as reported by the fund manager or general partner, there is no significant unobservable input or combination of inputs that can be used to perform a sensitivity analysis.

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Asset and liabilities not measured at fair value for which the fair value is disclosed

The table below provides an overview of all assets and liabilities that are not measured at fair value, but for which the fair value is disclosed in the notes.

(€ MILLION)

	CARRYING AMOUNT AS AT 31 DECEMBER 2015				FAIR VALUE AS AT 31 DECEMBER 2015
		QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS	SIGNIFICANT OTHER OBSERVABLE INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	
		LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets					
Investments					
Deposits with re-insurers	742			742	742
Other financial investments	2,428		2,756		2,756
Banking credit portfolio					
Credit institutions	1,277		1,277		1,277
Loans	13,300		132	13,312	13,444
Receivables	7,315		6,676	464	7,140
Financial liabilities					
Banking customer accounts	5,995		5,732		5,732
Loans and borrowings					
Deposits from credit institutions					
Secured bank loans	2,158		2,148		2,148
Unsecured loans	4,890	973	4,058		5,031
Subordinated loans	522	538	29		567
Others	20	18	1		19
Other liabilities	2,937		2,920		2,920

(€ MILLION)

	CARRYING AMOUNT AS AT 31 DECEMBER 2014	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS	SIGNIFICANT OTHER OBSERVABLE INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	FAIR VALUE AS AT 31 DECEMBER 2014
		LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets					
Investments					
Deposits with re-insurers	954			954	954
Other financial investments	2,601		2,096		2,096
Banking credit portfolio					
Credit institutions	1,286		52	1,236	1,288
Loans	13,627		1,465	12,176	13,641
Receivables	5,534		5,323	74	5,397
Financial liabilities					
Banking customer accounts	6,306		6,327		6,327
Loans and borrowings					
Deposits from credit institutions	101		101		101
Secured bank loans	2,663		2,633		2,633
Unsecured loans*	3,470	988	2,703		3,691
Subordinated loans*	527	572	31		603
Others	231		246		246
Other liabilities	2,947		2,810		2,810

* *In 2015, there was a reclassification from Level 1 to Level 2 within the Banking customer accounts. To provide a better understanding of the developments in this line item, the comparative figures have been adjusted accordingly.*

Receivables are in general classified as level 2, due to the fact that the amount deducted for counterparty default risk is insignificant as compared to the fair value of the nominal cash flows of these receivables. Other liabilities, except for Cash liabilities, are classified as level 2 due to the fact that there is no active market for these financial instruments. Cash liabilities are classified as level 1.

Valuation techniques used and valuation process within Achmea for level 2 and 3 measurements

Depending on the specific assets and liabilities, Achmea has formulated valuation policies and procedures for determining the fair value. For each type of asset or liability a summary is provided of the valuation process, a description of the technique used and the relevant inputs.

Investments

The level 2 classified Investments mainly comprise saving accounts related to life insurance policies in force. The fair value is determined by means of a net present value methodology using estimated future cash flows during the fixed interest period of linked mortgages, taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics. The Level 3 classified Deposits with re-insurers comprises accounts into which premiums and experienced losses are deposited related to a specific risk insurance program, over which an agreed upon interest rate is earned. The unobservable inputs include amongst others models used for determining incurred but not reported losses related to the reinsurance contract and credit spreads used to take into account any counterparty default risk.

Banking credit portfolio

The level 3 classified Banking credit portfolio comprises mainly of private sector loans and advances. These loans are classified as 'Loans and receivables' and measured at amortised cost less accumulated impairment losses. The fair value of these loans and advances is determined using pricing models based on the discounted value of estimated future cash flows using current interest rates. The interest rate used is based on rates in the consumers market adjusted for spreads for amongst others the price risk during the offering period. Part of assumptions used in determining the fair value are unobservable.

Receivables and accruals

The level 2 classified Receivables and accruals comprise mainly short-term amounts due related to the ordinary operating activities of Achmea. These receivables are measured at amortised cost less accumulated impairment losses. The fair value of these receivables is determined based on discounted value of the expected cash flows, taking into accounted expected credit losses. For receivables expected to be recovered within twelve months after reporting date the carrying amount is a reasonable approximation of the fair value.

Banking customer accounts

The fair value of the level 2 classified Banking customer comprise saving accounts and deposits. The fair value is based on the discounted present value of the expected future cash outflows, using current market interest rates.

Loans and borrowings

The main part of the total Loans and borrowings is not measured at fair value. The fair value of these loans is determined using pricing models based on the net present value of estimated future cash flows. The pricing models are based on current market data, such as the euro swap curve. In addition to the euro swap curve there are unobservable market inputs. The unobservable market inputs may include spreads which are embedded in the discount curve.

Other liabilities

The level 2 classified Other liabilities comprise mainly short-term amounts payable related to the ordinary operating activities of Achmea. These other liabilities are measured at amortised cost. The fair value of these liabilities is determined based on discounted value of the expected cash flows. For Other liabilities expected to be settled within twelve months after reporting date the carrying amount is a reasonable approximation of the fair value.

5. ASSETS AND LIABILITIES HELD FOR SALE AND DIVESTMENTS

Liberty Asset Management Limited

On 1 January 2015, the investment in the share capital of Liberty Asset Management Limited was sold. The transaction was finalised with the same effective date. Liberty Asset Management Limited is a 100% subsidiary of Friends First Holding Limited and was presented as part of the segment International. A gain on the sale was accounted for amounting to €4.7 million, presented as part of 'Other income'.

6. INTANGIBLE ASSETS

INTANGIBLE ASSETS

(€ MILLION)

	GOODWILL	SOFTWARE	BRAND NAME	VALUE OF BUSINESS ACQUIRED	DISTRIBUTION NETWORKS [1]	OTHER INTANGIBLE ASSETS [1]	**TOTAL 2015**	TOTAL 2014
Cost								
Balance at 1 January	1,327	270	133	740	345		2,815	2,878
Acquisitions								
Disposals								−71
Change in composition of the Group								**−71**
Internally developed		5					5	30
Sale, disposals and decommissioning	−1	−15			−7		−23	−4
Purchases and Acquisions		23					23	
Other movements		3					3	−26
Changes due to reclassification		9			−1		8	−1
Foreign currency differences	−13				−11		−24	9
Balance at 31 December	**1,313**	**295**	**133**	**740**	**326**		**2,807**	**2,815**
Amortisation and impairment losses								
Balance at 1 January	555	194	114	677	209		1,749	1,579
Acquisitions								
Disposals								−68
Change in composition of the Group								**-68**
Sale, disposals and decommissioning	−1	−2			−7		−10	−3
Amortisation charge for the year		28	9	48	15		100	122
Impairment loss recognised in profit or loss								143
Changes due to reclassification		1					1	
Other movements								−27
Foreign currency differences					−3		−3	3
Balance at 31 December	**554**	**221**	**123**	**725**	**214**		**1,837**	**1,749**
Carrying amount								
At 1 January	772	76	19	63	136		1,066	1,299
At 31 December	**759**	**74**	**10**	**15**	**112**		**970**	**1,066**

[1] To ensure consistency in the presentation of the Intangible assets, Distribution networks, with a carrying amount of €46 million at 31 December 2015 (31 December 2014: €51 million), have been reclassified from 'Other intangible assets' to 'Distribution networks'. The comparative figures have been adjusted accordingly. This adjustment has no impact on Achmea's Net profit, Total equity or earnings per share.

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With the exception of goodwill, all intangible assets have a finite useful life and are amortised accordingly.

An amount of €924 million (31 December 2014: €968 million) of the Intangible assets is expected to be recovered more than twelve months after the reporting date.

The foreign currency differences on goodwill and distribution networks relate to Eureko Sigorta and Garanti Emeklilik.

GOODWILL BY CASH GENERATING UNIT

(€ MILLION)

	31 DECEMBER 2015	31 DECEMBER 2014
Non-life Netherlands	617	617
Eureko Turkey	107	120
Independer	35	35
	759	**772**

Irrespective of whether there is any indication of an event requiring an impairment test, every year, Achmea tests goodwill from business combinations for impairment. An impairment loss is recognised when the recoverable amount of a cash generating unit is lower than the carrying amount of the cash generating unit. The recoverable amount is the higher of the 'fair value less cost to sell' and the 'value-in-use'. The assumptions are assessed at each reporting date and adjusted when appropriate. Besides Eureko Turkey, goodwill is related to Achmea's Dutch operations.

For the Cash Generating Unit Non-life Netherlands, Achmea uses a value in use to calculate the recoverable amount. Furthermore, value in use is used to determine the recoverable amounts for the Cash Generating Unit Eureko Turkey (Non-life activities).

In the value in use model, cash flow projections for the first three years are based on budgeting and forecasting models endorsed by Achmea's Executive Board. Achmea extrapolates the cash flows up to ten years. To reflect the business-specific circumstances, a forecast period is sometimes extended. Achmea uses the leveraged cost of equity as the basis for the applied discount rate. Within the valuation technique, the terminal value is determined by applying a perpetual growth rate to the perpetual dividend.

An appraisal value-method is used to determine the recoverable amount for related Turkish activities of the Cash Generating Unit Eureko Turkey (Life activities) based on the Embedded Value information. A roll forward has been estimated, based on management expectations. In addition a Value New Business (VNB) multiplier has been set in accordance with Turkish market outlook.

Achmea uses a Discounted Cash Flow model (DCF) to determine the recoverable amount for the Cash Generating Unit Independer. Cash flow projections for the first five years are based on budgeting and forecasting models endorsed by Independer’s Management Board. After five years a terminal value calculation is applied. Achmea uses the leveraged cost of capital together with the cost of debt as the basis for the applied discount rate. Within the DCF techniques the terminal value is determined by applying a perpetual growth rate to the perpetual free cash flow.

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The most sensitive key assumptions in calculating the value-in-use in the yearly impairment test are:

2015	NON-LIFE NETHERLANDS	INDEPENDER	EUREKO TURKEY (NON-LIFE ACTIVITIES)	EUREKO TURKEY (LIFE ACTIVITIES)
Average annual premium growth rate	0.5%	4.8%	6.8%	n.a.
Average claims ratio	70.2%	n.a.	65.2%	n.a.
Average expense ratio [1]	22.5%	63.7%	29.2%	n.a.
Value of New Business (VNB) multiplier	n.a.	n.a.	n.a.	15.0
Terminal value growth	1.5%	2.0%	5.5%	n.a.
Discount rate	8.1%	9.2%	14.2%	14.0%

2014	NON-LIFE NETHERLANDS	INDEPENDER	EUREKO TURKEY (NON-LIFE ACTIVITIES)	EUREKO TURKEY (LIFE ACTIVITIES)
Average annual premium growth rate	1.4%	8.4%	8.2%	n.a.
Average claims ratio	69.9%	n.a.	64.4%	n.a.
Average expense ratio [1]	25.4%	62.5%	26.9%	n.a.
Value of New Business (VNB) multiplier	n.a.	n.a.	n.a.	15.0
Terminal value growth	2.0%	2.0%	4.6%	n.a.
Discount rate	7.7%	9.8%	12.9%	14.0%

n.a.: not applicable

1) The average expense ratio includes costs related to staff, IT, housing and acquisition costs

Where possible, the assumptions are calibrated using external sources. The discount rates are common in the industry and are based on a so-called CAPM model (Capital Asset Pricing Model). This methodology is based on a country specific risk-free rate plus a risk premium. This risk premium is based on the 'equity risk premium' (return on equity investments above risk-free rate) times the beta that represents the specific risk profile of the cash generating unit. The terminal value growths, being the long-term average growth rate, are on a gross basis (not adjusted for inflation) and reflect either expected industry averages or expectations of management. Achmea has performed a sensitivity analysis on its key assumptions used to calculate the value-in-use.

The surplus, being the positive difference between the value-in-use and carrying value, for Non-life Netherlands amounts to €1,197 million (2014: €1,308). The recoverable amount for the Cash Generating Unit Non-life Netherlands is sensitive for negative deviations within major assumptions (business related assumptions, discount rate and terminal value growth). A decrease in the average annual premium growth with 0.5% would lead to a €116 million lower surplus. An increase in the claims ratio based on compound annual growth rates with 0.5% would lead to a €216 million lower surplus. An increase in the average expense ratio with 0.5% would lead to a €221 million lower surplus. An increase in discount rate with 50 basis points would lead to a €350 million lower surplus. A 0.5% lower terminal value growth would lead to a €195 million lower surplus.

The surplus, being the positive difference between the value-in-use and carrying value, for Eureko Turkey (incl. related Turkish activities) amounts to €148 million (2014: €207 million). The recoverable amount for Eureko Turkey (Non-life activities) is sensitive for negative deviations within major assumptions (business related assumptions, discount rate and terminal value growth). A decrease in the average annual premium growth of 0.5% would lead to a €49 million lower surplus. An increase in the claims ratio based with 0.5% would lead to a €16 million lower surplus. An increase in the average expense ratio with 0.5% would lead to a €16 million lower surplus. An increase in discount rate with 50 basis points would lead to a €26 million lower surplus. A 0.5% lower terminal value growth would lead to a €5 million lower surplus.

Furthermore, the recoverable amount for Eureko Turkey (Life activities) is sensitive to changes in the VNB multiplier. A decrease in VNB multiplier with 5 would lead to a €41 million lower surplus for the Cash Generating Unit Eureko Turkey (incl. related Turkish activities).

The surplus, being the positive difference between the value-in-use and carrying value, for Independer amounts to €262 million (2013: €224 million). The recoverable amount is sensitive for negative deviations within major assumptions (business related assumptions, discount rate and terminal value growth).

A decrease in the average annual revenue growth of 0.5% would lead to a €14 million lower surplus. An increase in the average expense ratio with 0.5% would lead to a €4 million lower surplus. An increase in discount rate with 50 basis points would lead to a €27 million lower surplus. A 0.5% lower terminal value growth would lead to a €22 million lower surplus.

7. ASSOCIATES AND JOINT VENTURES

(€ MILLION)

NAME OF THE COMPANY	COUNTRY	DESCRIPTION OF BUSINESS	DATE OF ACQUISITION	% OWNERSHIP 2015	NET ASSET VALUE 2015	BOOK VALUE 31 DECEMBER 2015	BOOK VALUE 31 DECEMBER 2014
Garanti Emeklilik ve Hayat A.S.	Turkey	Life insurance	2007	15.00%	49	77	81
Sprint Invest B.V.	The Netherlands	Investment entity	1996	50.00%	54	54	51
Other						12	13
						143	**145**

Although Achmea holds less than 20% of the shares of Garanti Emeklilik ve Hayat A.S., Achmea exercises significant influence by virtue of its strategic interest, close co-operation with Eureko Sigorta and the contractual right to appoint an Executive Board member.

The book value of the associates and joint ventures is determined based on the (IFRS) financial statements for the same financial year of those entities, where available. If not available, Achmea bases the book value on preliminary, unaudited figures received from the associate or joint venture. Achmea has established that, in the past, there were no material differences between those preliminary, unaudited figures and the (IFRS) financial statements of the associate or joint venture concerned.

Due to their nature, Associates and Joint Ventures consist mainly of assets expected to be recovered after more than twelve months.

MOVEMENTS IN ASSOCIATES AND JOINT VENTURES

(€ MILLION)

	TOTAL 2015	TOTAL 2014
Balance at 1 January	145	152
Acquisitions		
Disposals		−6
Change in composition of the Group		**−6**
Annual results	6	3
Revaluations	2	−7
Foreign currency differences	−10	3
Balance at 31 December	**143**	**145**

The summarised financial statements of Garanti Emeklilik ve Hayat A.S. and Sprint Invest B.V. are included in the table on the next page. These are the only associate and joint venture of Achmea as at 31 December 2015, which, in the opinion of management, are material.

As the 2015 financial statements of the before mentioned holdings are not yet publicly available, values are based on published financial statements for the financial year 2014 and calculated in accordance with the accounting principles of Garanti Emeklilik ve Hayat A.S. and Sprint Invest B.V.. The amounts are translated into euros at the exchange rate ruling at reporting date. Total revenue and Total profit are translated using the weighted average exchange rate for the year.

(€ MILLION)

	GARANTI EMEKLILIK VE HAYAT A.S.	SPRINT INVEST B.V.	TOTAL 2014	GARANTI EMEKLILIK VE HAYAT A.S. [2]	SPRINT INVEST B.V.	TOTAL 2013
Current assets	2,592	4	2,596	1,798	4	1,802
Non-current assets	12	95	107	9	111	120
Total assets	2,604	99	2,703	1,807	115	1,922
Current liabilities	2,253		2,253	1,452		1,452
Non-current liabilities	41		41	28		28
Total liabilities	2,294		2,294	1,480		1,480
Total equity	310	99	409	327	115	442
Adjustments when using the equity method [1]	–229	–48	–277	–253	–57	–310
Book value	81	51	132	74	58	132
Revenue	182		182	219	2	221
Profit before tax from continuing operations	76		76	59	2	61
Net profit from continuing operations	60		60	47	2	49
Net profit from discontinued operations						
Other comprehensive income						
Total comprehensive income	60		60	47	2	49

1 *Including adjustments when using the equity method also contain the elimination for the share in ownership*

2 *Profit before tax from continuing operations adjusted for comparison reasons*

Set out below is the summarised financial information of the total of associates of Achmea as at 31 December 2014, which, in the opinion of management, are immaterial to Achmea. The disclosed amounts represent Achmea's share in these line items.

(€ MILLION)

	TOTAL 2014	TOTAL 2013
Net profit from continuing operations	–2	
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	**–2**	

Set out below is the summarised financial information of the total of joint ventures of Achmea as at 31 December 2014, which, in the opinion of management, are immaterial to Achmea. The disclosed amounts represent Achmea's share in these line items.

(€ MILLION)

	TOTAL 2014	TOTAL 2013
Net profit from continuing operations		
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income		

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8. PROPERTY FOR OWN USE AND EQUIPMENT

(€ MILLION)

	2015	2014*
Property for own use	298	295
In development	4	4
In use	294	291
Equipment	154	177
Software	13	27
Hardware	10	11
Office furniture	32	39
Other	99	100
Balance at 31 December	**452**	**472**

* *In 2015 a reclassification took place through which alterations to leased premises would no longer be presented as part of Property for own use but as part of Equipment. To provide a better understanding of the developments in this line item, the comparative figures have been adjusted accordingly. This adjustment has no impact on Achmea's Net profit, Total equity or earnings per share.*

The carrying amount of Property for own use is the revalued amount, being its fair value at the date of the revaluation less any accumulated depreciation and impairment losses. For the valuation techniques used and valuation process of Property for own use refer to Note 4 Assets and liabilities measured at fair value.

Equipment is measured at cost less accumulated depreciation and impairment losses.

Due to their nature Property for own use and Equipment consist mainly of assets expected to be recovered after more than twelve months.

PROPERTY FOR OWN USE AND EQUIPMENT

(€ MILLION)

	PROPERTY FOR OWN USE	EQUIPMENT	TOTAL 2015	TOTAL 2014*
Revalued amount				
Balance at 1 January	319	509	828	898
Acquisitions				
Disposals				-5
Change in composition of the Group				**-5**
Purchases and acquisitions	18	37	55	60
Sale, disposals and decommissioning		-69	-69	-131
Unrealised gains and losses recognised in equity	13		13	
Unrealised gains and losses recognised in income	-7		-7	2
Depreciation eliminated against the gross carrying amount due to revaluation	-14		-14	-14
Foreign currency differences	-2	-1	-3	
Transfer to and from investment property				15
Changes due to reclassification	4	5	9	10
Other movements				-7
Balance at 31 December	**331**	**481**	**812**	**828**
Amortisation and impairment losses				
Balance at 1 January	24	332	356	375
Acquisitions				
Disposals				-4
Change in composition of the Group				**-4**
Sale, disposals and decommissioning		-55	-55	-83
Depreciation charge for the period	18	48	66	83
Depreciation eliminated against the gross carrying amount due to revaluation	-14		-14	-14
Changes due to reclassification	5	2	7	-1
Balance at 31 December	**33**	**327**	**360**	**356**
Carrying amount				
At 1 January	295	177	472	523
At 31 December	**298**	**154**	**452**	**472**

* *In 2015 a reclassification took place through which alterations to leased premises would no longer be presented as part of Property for own use but as part of Equipment. Furthermore, the revalued amount has been reduced by the accumulated depreciation, based on the fair value at the date of the last valuation. Finally, the cost and accumulated depreciation for certain assets have been presented separately. To provide a better understanding of the developments in this line item, the comparative figures have been adjusted accordingly. This adjustment has no impact on Achmea's Net profit, Total equity or earnings per share.*

Part of Property for own use is financed by means of internal loans between the insurance entities and other entities within the Group. These loans are eliminated in full in these Consolidated Financial Statements. Property has been pledged on these internal loans.

Other equipment includes assets related to operational lease activities by WagenPlan B.V. amounting to €65 million (31 December 2014: €73 million).

If Property for own use were recognised on the historical cost basis, the amounts would be stated as follows:

(€ MILLION)

	31 DECEMBER 2015	31 DECEMBER 2014
Costs	530	522
Cumulative amortisation and impairment losses	230	209
Net book amount based on 'cost model'	**300**	**313**

9. INVESTMENT PROPERTY

(€ MILLION)

	2015	2014
Balance at 1 January	1,125	1,200
Purchases	36	3
Disposals	−41	−31
Fair value changes recognised in profit or loss	−4	−32
Accrued interest		
Changes due to reclassification	−2	
Transfer from property for own use		−15
Balance at 31 December	**1,114**	**1,125**

For the valuation techniques used and valuation process of investment property reference is made to Note 4 Fair value hierarchy.

ACHMEA'S INVESTMENT PROPERTY CONSISTS OF:

(€ MILLION)

	2015	2014
Residential	429	418
Retail	338	342
Offices	293	315
Other	54	50
Total at 31 december	**1,114**	**1,125**

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10. INVESTMENTS

INVESTMENTS CLASSIFIED BY NATURE

(€ MILLION)

	AVAILABLE FOR SALE	AT FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	31 DECEMBER 2015
Equities and similar investments	2,614	325		2,939
Fixed income investments *	30,312	4,537	742	35,591
Derivatives		3,750		3,750
Other financial investments	142	25	2,428	2,595
	33,068	**8,637**	**3,170**	**44,875**

(€ MILLION)

	AVAILABLE FOR SALE	AT FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	31 DECEMBER 2014
Equities and similar investments	2,658	444		3,102
Fixed income investments *	31,092	4,936	954	36,982
Derivatives		4,024		4,024
Other financial investments	227	201	2,601	3,029
	33,977	**9,605**	**3,555**	**47,137**

* *Excluding saving accounts linked to life insurance contracts, for which the interest revenue is based on the interest rate that the policyholder pays on his mortgage loan. These are presented as part of Other financial investments.*

The investments designated as 'At fair value through profit or loss' as at 31 December 2015 amounted to €4,887 million (31 December 2014: €5,581 million). Derivatives are used for hedging purposes. Achmea holds no financial instruments for trading purposes.

Based on their contractual maturity, an amount of €33,797 million (2014: €35,825 million) of fixed income investments and other investments is expected to be recovered after twelve months after reporting date. For all assets without a contractual maturity date, it is assumed that they will be expected to be recovered after twelve months after the reporting date.

The carrying value of securities lent as at 31 December 2015 amounted nil (31 December 2014: nil).

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INVESTMENTS MEASURED AT FAIR VALUE

(€ MILLION)

	EQUITIES AND SIMILAR INVESTMENTS	FIXED INCOME INVESTMENTS	DERIVATIVES	OTHER FINANCIAL INVESTMENTS	TOTAL 2015	TOTAL 2014
Balance at 1 January	3,102	36,028	2,128	428	41,686	38,556
Acquisitions						
Disposals						–47
Change in composition of the Group						**–47**
Investments and loans granted	962	26,538	378	1,007	28,885	27,832
Divestments and disposals	–1,179	–27,317	–70	–1,273	–29,839	–29,712
Fair value changes	–14	–520	–483	3	–1,014	4,883
Foreign currency differences	117	159		2	278	326
Accrued interest		–89	2		–87	–20
Effect of change in benchmark rate			2		2	4
Changes due to reclassification	–49	50			1	–136
Balance at 31 December	**2,939**	**34,849**	**1,957**	**167**	**39,912**	**41,686**
Comprising						
Assets	2,939	34,849	3,750	167	41,705	43,582
Liabilities			1,793		1,793	1,896

Changes due to reclassification of €49 million between Equities and similar investments and Fixed income investments relates to the look-through of investment pools.

EQUITIES AND SIMILAR INVESTMENTS

(€ MILLION)

	31 DECEMBER 2015	31 DECEMBER 2014
Listed ordinary shares	1,077	1,143
Alternatives	1,086	1,123
Real estate funds	265	277
Fixed-income funds	359	333
Other	152	226
	2,939	**3,102**

Alternatives comprise of €214 million investments in commodities (31 December 2014: €366 million), €319 million investments in private equity (31 December 2014: €270 million) and €314 million investments in hedge funds (31 December 2014: €269 million).

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FIXED INCOME INVESTMENTS (€ MILLION)

	31 DECEMBER 2015	31 DECEMBER 2014
Bonds		
Government and government related or guaranteed bonds		
Netherlands	8,930	10,825
Germany	2,842	3,138
France	1,465	1,417
Austria	523	528
Finland	417	394
Ireland	412	618
Belgium	369	507
Government guaranteed bonds	1,690	1,839
European governmental institutions	494	652
Other	1,280	714
Securitised bonds		
Asset backed	1,551	1,379
Covered	1,172	1,893
Corporate bonds	7,990	8,966
Convertible bonds	287	268
Loans and Mortgages		
Investment loans	1,052	593
Loans and mortgages to policyholders	19	19
Other loans and mortgages	3,777	1,595
Deposits with credit institutions		
Deposits within the European Union	390	533
Other	189	150
Total	**34,849**	**36,028**

Government and government related or guaranteed bonds include bonds issued by supranationals and (local) governments as well as sovereign bonds denominated in currencies other than the domestic currencies. Furthermore it includes government owned or sponsored entities and government guaranteed (corporate) bond issues.

Corporate bonds include investment grade bonds, that are relatively safe, having a high bond rating. Furthermore, corporate bonds include high yield bonds, having a lower rating than investment grade. These corporate bonds are not guaranteed by governments.

Deposits with credit institutions subject to restrictions amounted to €51 million (31 December 2014: €36 million). These restrictions are set to secure the policyholders for our obligations to them in case Achmea will have to discontinue its operations for any reason.

For more details regarding Achmea's risk management policies reference is made to Note 49 Risk management.

SECURITISED BONDS – ASSET BACKED

Achmea's interests in unconsolidated structured entities such as bonds with collateral mortgages, collateral demand for car leasing and other pledged assets are presented in the line item Investments - Securitised bonds (Asset backed). The composition of Achmea's portfolios in the interests in structured entities is widely dispersed looking at the individual amount per entity. For the main part Achmea invests in the senior rated interest of these Assets backed securities, limiting the potential credit losses. For the most significant structured entities the following table presents the maximum exposure to loss for Achmea as at 31 December 2015, which equals the carrying amount of the securities at that date. Furthermore, the table presents a comparison of Achmea's interest with the total amount of issued notes by the structured entity. The amount shown as Total amount of issued notes is based on the deal size at issue of the notes.

INVESTMENTS IN UNCONSOLIDATED STRUCTURED ENTITIES (€ MILLION)

	MAXIMUM EXPOSURE TO LOSS	TOTAL AMOUNT OF ISSUED NOTES AT ISSUE DATE
Mortgage backed securities	1,144	109,133
Car leasing receivables backed securities		446
Future pensions backed securities		
Other securities	407	4,598
Carrying amount of interest in structured entity as at 31 December 2014	**1,551**	**114,177**

Achmea did not provide financial or other support to unconsolidated structured entities. Nor does Achmea have intentions to provide financial or other support to unconsolidated structured entities in which Achmea has an interest or previously had an interest.

DAY 1 GAINS / LOSSES

At initial recognition, the transaction price of certain purchased financial instruments differed from the calculated fair value of assets measured using significant unobservable data (level 3). This initial gain or loss (day 1 gains / losses) is separately recognised as part of Loans and Mortgages and amortised as part of Investment income in the Income Statement over the expected maturity of these mortgages by means of the effective interest method.

DAY 1 GAINS AND LOSSES (€ MILLION)

	31 DECEMBER 2015	31 DECEMBER 2014
Balance at 1 January	-18	
Deferred gains and losses in current period	3	-18
Recognised in Income Statement current period	2	
Balance at 31 December	**-13**	**-18**

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DERIVATIVES

(€ MILLION)

	ASSETS	LIABILITIES	31 DECEMBER 2015
Interest rate derivatives	3,545	1,704	1,841
Currency derivatives	149	69	80
Equity derivatives	49		49
Other derivatives	7	20	−13
	3,750	**1,793**	**1,957**
	ASSETS	LIABILITIES	31 DECEMBER 2014
Interest rate derivatives	3,872	1,774	2,098
Currency derivatives	92	109	−17
Equity derivatives	54		54
Other derivatives	6	13	−7
	4,024	**1,896**	**2,128**

As at 31 December 2015, the fair value of derivatives assets was covered by collateral for an amount of €3,422 million (31 December 2014: €3,613 million). The fair value of the collateral held amounted to €2,700 million (31 December 2014: €2,905 million) and comprises mainly liquid assets like government bonds and cash. Collateral was provided for derivatives liabilities with a fair value of €854 million (31 December 2014: €703 million). The fair value of provided collateral as at 31 December 2015 amounted to €3 million (31 December 2014: €55 million) mainly comprising government bonds. The assets provided as collateral are presented as part of Investments, Fixed income investments. Agreements on, among other things, the conditions for depositing or receiving collateral are made bilaterally between the Achmea entity concerned and the counter-party. These agreements will be recorded in an ISDA Credit Support Annex. This also stipulates the conditions – the so-called 'default events' – under which the party may use the cash collateral to reduce possible losses.

ANALYSIS BY ESTIMATED TIME TO MATURITY OF UNDISCOUNTED CASHFLOWS OF DERIVATIVES (LIABILITIES)

(€ MILLION)

2015	WITHIN 1 YEAR	1-3 YEARS	3-5 YEARS	OVER 5 YEARS	TOTAL
Interest rate derivatives*	104	253	297	1,181	1,835
Currency derivatives	69				69
Equity derivatives					
Other derivatives	19	1			20
Balance at 31 December	**192**	**254**	**297**	**1,181**	**1,924**
2014	WITHIN 1 YEAR	1-3 YEARS	3-5 YEARS	OVER 5 YEARS	TOTAL
Interest rate derivatives*	267	327	309	781	1,684
Currency derivatives	109				109
Equity derivatives					
Other derivatives	8	2	2	1	13
Balance at 31 December	**384**	**329**	**311**	**782**	**1,806**

* *The undiscounted contractual cash flows of derivative liabilities held for risk management exclude the cash flows of the back to back swaps. The fair value of the back to back swaps amounted to €139 million at 31 December 2015 (31 December 2014: €219 million).*

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The table below summarises the notional amounts of Achmea's interest rate derivatives and the fair values of the interest rate derivatives.

INTEREST RATE DERIVATIVES

(€ MILLION)

	31 DECEMBER 2015			31 DECEMBER 2014		
	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
Insurance activities						
Interest derivatives	27,431	3,323	808	22,756	3,558	614
Future interest cash flow of the liability interest derivatives	444			720		
Banking activities						
Interest derivatives	12,858	222	896	15,938	314	1,160
Future interest cash flow of the liability interest derivatives	897			964		
Total						
Interest derivatives	40,289	3,545	1,704	38,694	3,872	1,774
Future interest cash flow of the liability interest derivatives	1,341			1,684		

Achmea applies fair value hedge accounting for the interest rate risk related to banking activities. For more details related to hedge accounting and the results on hedge accounting, reference is made to note 12 Banking credit portfolio. The fair value of the interest rate derivatives of the banking activities designated as hedging instrument for the purpose of hedge accounting as at 31 December 2015 amounted to €642 million (31 December 2014: €823 million).

The table below summarises the notional amounts of Achmea's currency derivatives and the fair values of these derivatives.

CURRENCY DERIVATIVES

(€ MILLION)

	31 DECEMBER 2015			31 DECEMBER 2014		
	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
Forward exchange contracts	3,958	71	70	3,494	28	109
Currency/cross currency swaps	325	78		407	64	
Total currency derivatives	**4,283**	**149**	**70**	**3,901**	**92**	**109**

Achmea applies fair value hedge accounting for the portfolios exposed to foreign currency risk. Fair value hedge accounting implies that the fair value movements from the hedging instrument and the fair value movements from the hedged item that are attributable to the hedging risk are recognised in the Income statement.

Foreign exchange contracts are used as hedging instruments. The fair value of the currency derivatives designated as hedging instrument for the purpose of hedge accounting as at 31 December 2015 amounted to €-6 million (31 December 2014: €-18 million).

The fair value of a foreign exchange contract varies with the foreign exchange rate which corresponds with the fair value changes related to foreign currency differences of an investment in a foreign currency. These results are presented in the table below.

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RESULTS ON HEDGE ACCOUNTING

(€ MILLION)

FOREIGN CURRENCY FAIR VALUE HEDGES	2015	2014
Fair value changes of the hedged item attributable to the hedged risk	-89	-62
Fair value changes of the related derivatives	67	80
Net result	**-22**	**18**

IMPAIRMENTS

(€ MILLION)

	EQUITIES AND SIMILAR INVESTMENTS	BONDS	OTHERS	2015	2014
Impairment losses during the year	–28	–1		–29	–23

In 2015, impairment losses were due to significant or prolonged decline of specific stock prices.

The nominal value of the impaired Fixed income investments amounted to €14 million (31 December 2014: €41 million). For 2015, interest income related to the impaired part of Fixed income investments was nihil (2014: nihil). Impairment losses are included in Realised and unrealised gains and losses.

INVESTMENTS MEASURED AT AMORTISED COST

(€ MILLION)

	2015	2014
Balance at 1 January	3,555	3,639
Investments and loans granted	411	212
Divestments and disposals	–981	–484
Foreign currency differences	69	60
Accrued interest	116	128
Balance at 31 December	**3,170**	**3,555**

11. INVESTMENTS BACKING LINKED LIABILITIES

Investments backing linked liabilities comprise assets for insurance contracts with segregated investments, deposits for group life contracts with full profit sharing, unit-linked life insurance policies, investment contracts and investments covering obligations under policies where the benefits are index-linked. Investments backing linked liabilities are separated from other investments which are invested in accordance with the requirements towards holders of life insurance or investment contracts. Policyholders and holders of investment contracts are entitled to all gains recorded and to the total amount of the investments shown under this heading, but they also have to carry any losses. For this reason insurance liabilities on behalf of policyholders and investment contracts are related to this account. These investments are classified as 'At fair value through profit or loss'.

INVESTMENTS BACKING LINKED LIABILITIES

(€ MILLION)

	INVESTMENT PROPERTY	EQUITIES AND SIMILAR INVESTMENTS	BONDS AND OTHER FIXED-INCOME INVESTMENTS*	DERIVATIVES	CASH AND OTHER FINANCIAL INVESTMENTS	TOTAL 2015	TOTAL 2014
Balance at 1 January	254	6,446	3,798	349	7,833	18,680	22,563
Acquisitions							
Disposals							−3
Change in composition of the Group							**−3**
Investments and loans granted	19	6,630	3,936	65	437	11,087	8,677
Divestments and disposals	−26	−7,349	−4,079	−30	−152	−11,636	−14,160
Fair value changes recognised in profit or loss	34	228	−56	5	131	342	1,647
Foreign currency differences		2				2	6
Accrued interest and rent			−1		269	268	178
Changes due to reclassification		2	2		−5	−1	−5
Cash movements					−82	−82	−267
Other movement		67	3			70	44
Balance at 31 December	**281**	**6,026**	**3,603**	**389**	**8,431**	**18,730**	**18,680**

* *Excluding saving accounts linked to life insurance contracts, for which the interest revenue is based on the interest rate that the policyholder pays on his mortgage loan. These are presented as part of Cash and other financial investments*

Investments backing linked liabilities are managed on behalf of policyholders on a fair value basis. Although individual instruments may (or may not) have a maturity depending on their nature, this does not impact the liquidity position of Achmea.

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12. BANKING CREDIT PORTFOLIO

BANKING CREDIT PORTFOLIO CLASSIFIED BY NATURE

(€ MILLION)

2015	LOANS AND RECEIVABLES	AT FAIR VALUE THROUGH PROFIT OR LOSS	TOTAL
Credit institutions			
Loans and advances to banks	1,104		1,104
Cash advances, overdrafts and other balances due on demand	173		173
Loans*			
Secured by mortgages	13,203	289	13,492
Other loans and advances to private sector	194		194
Other corporate loans			
Allowance account	97		97
Balance at 31 December	**14,577**	**289**	**14,866**

* *Of which non-performing loans €305 million*

(€ MILLION)

2014	LOANS AND RECEIVABLES	AT FAIR VALUE THROUGH PROFIT OR LOSS	TOTAL
Credit institutions			
Loans and advances to banks	1,235		1,235
Cash advances, overdrafts and other balances due on demand	51		51
Loans*			
Secured by mortgages	13,190	314	13,504
Other loans and advances to private sector	440		440
Other corporate loans	113		113
Allowance account	116		116
Balance at 31 December	**14,913**	**314**	**15,227**

* *Of which non-performing loans €275 million*

An amount of €928 million (2014: €1,032 million) is not available on demand, and consists of collateral for derivatives and reserve funds related to securitisation transactions.

An amount of €12,671 million (2014: €14,235 million) of the Banking credit portfolio is expected to be recovered after twelve months after reporting date.

BANKING CREDIT PORTFOLIO

(€ MILLION)

	CREDIT INSTITUTIONS	LOANS	TOTAL 2015	TOTAL 2014
Balance at 1 January (excluding Allowance account)	1,286	13,743	15,029	15,000
Investments and loans granted	254	892	1,146	874
Divestments and disposals	–263	–1,070	–1,333	–981
Change in value due to fair value hedge accounting		–168	–168	136
Balance at 31 December (excluding Allowance account)	**1,277**	**13,397**	**14,674**	**15,029**
Balance at 1 January (Allowance account)		116	116	77
Additional allowances		15	15	52
Allowances used		–24	–24	–15
Amounts released		–10	–10	–3
Amounts recovered				1
Effect of changes in assumptions				4
Balance at 31 December (Allowance account)		**97**	**97**	**116**
Carrying amount				
At 1 January	1,286	13,627	14,913	14,923
At 31 December	**1,277**	**13,300**	**14,577**	**14,913**

The fair value of the banking credit portfolio measured at amortised cost at year-end is €14,721 million (2014: €14,853 million).

RESULTS ON HEDGE ACCOUNTING

(€ MILLION)

	GAINS	LOSSES	TOTAL 2015	TOTAL 2014
Fair value changes of the hedged item attributable to the hedged risk	97	–262	–165	141
Fair value changes of the related derivatives (including discontinuation)	271	–104	167	-150
Fair value changes of the hedging instrument - ineffective portion	368	–366	2	-9

The fair value of the derivatives designated as hedging instruments related to the banking credit portfolio amounted to €642 million as at 31 December 2015 (31 December 2014: €823 million).

In accordance with hedge accounting policies, Achmea designates the hedge relationship each month. The change in fair value of the banking credit portfolio that is determined to be the hedged item is recognised as part of the banking credit portfolio and is subsequently amortised to profit or loss over the remaining life of the hedging instrument. Amortisation is based on the effective interest rate method.

As at 31 December 2015, the carrying amount of the loans is affected by impairment losses amounting to €255 million (2014: €213 million). The carrying amount is reduced through use of an allowance account. The impairment loss is mainly a result of individual assessments of the expected cash flows in relation to the loans.

For 2015, the interest income related to impaired financial instruments is €9 million (2014: €9 million).

The fair value of the banking portfolio measured at fair value is subject to changes in creditworthiness of the issuer. The impact on the fair values of the banking credit portfolio is as follows:

FAIR VALUE CHANGE RELATED TO CHANGES IN THE SPREAD, INCLUDED CREDIT RISK COUNTERPARTY

(€ MILLION)

	2015	2014
Current period	–1	6
Cumulatively	7	8

To finance its banking activities, Achmea has issued several funding instrument, secured by pledges on (receivables from) Loans part of the Banking credit portfolio.

Due to these pledges part of the Banking credit portfolio is not freely disposable. These pledges can be analysed as follows:

(€ MILLION)

	2015	2014
Pledge by means of trust arrangements	258	333
Third-party pledge	274	300
Pledge by means of securitisation	4,236	5,502
Balance at 31 December	**4,768**	**6,135**

As part of the pledges by means of trust arrangements, Achmea Bank (a fully owned subsidiary of Achmea) periodically pledges mortgage receivables to a Trustee as security for designated liabilities. In the event of default by Achmea Bank, investors can recover the debt from the pledged mortgage receivables.

Third-party pledges on loans are set up by means of covered bond programme, in which Achmea Bank acts as originator and issuer under the programme. The payment of the principal of interest on the bonds issued is guaranteed by a bankruptcy remote 'Special Purpose Vehicle' (SPV). The guarantee provided by this SPV is supported by mortgage receivables, pledged by Achmea Bank to the SPV. The outstanding amount of these transferred mortgage receivables will at all times be at least 33.3% higher than the bonds issued under the programme. In the event of default by Achmea Bank, an investor has recourse on the bank and the underlying mortgage portfolio. The liabilities related to these pledges are included in Note 25 Loans and borrowings, as part of Secured bank loans. The pledges by trust arrangements and the covered bond programme are not classified as transferred assets as mentioned in IFRS paragraph 7.42.

Furthermore, Third-party pledges include a SPV-structure set up by Staalbankiers (a fully owned subsidiary of Achmea), named Acier 2011-I B.V. In 2015, this SPV was fully redeemed (31 December 2014: €0,4 billion).

Achmea Bank uses securitisation as a funding source. In all these securitisation transactions, Achmea Bank assigns a portfolio of mortgage receivables to a special-purpose vehicle (SPV) which issues Notes on the capital markets. With the proceeds of the Notes the SPV can finance the assigned mortgage receivables and with the received interest on the mortgage receivables the SPV can pay the interest on the Notes.

The liabilities related to these securitisations are included in Note 25 Loans and borrowings. The table below provides an overview of both the outstanding amount and the fair value of the Loans and advances to customers and the fair value of the related debt securities part of Debt securities issued.

(€ MILLION)

	31 DECEMBER 2015		31 DECEMBER 2014	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Loans part of Banking credit portfolio included in securitisation	4,236	4,590	5,502	5,881
Related secured bank loans part of Loans and borrowings	−3,321	−3,359	−4,158	−4,165
Related deposits from credit institutions part of Loans and borrowings			−361	−372
Net position as at 31 December	**915**	**1,231**	**983**	**1,344**

The maximum loss for Achmea on the transferred assets and liabilities amounted to €813 million as at 31 December 2015 (31 December 2014: €882 million) and has been determined based on the Notes of the SPV’s which are held by Achmea and the Deferred Purchase Price (excess margin).

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13. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities during the year can be specified as follows:

(€ MILLION)

	BALANCE AT 1 JANUARY 2015	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	OTHER MOVEMENTS	BALANCE AT 31 DECEMBER 2015
Intangible assets	122		2	−152	−28
Property for own use and equipment	16		−3	−1	12
Investments	−1,597	455	65	106	−971
Deferred acquisition costs	6	−6			
Insurance liabilities	1,980	−193		−48	1,739
Post-employment benefits	1	−6		4	−1
Other provisions	3	7			10
Amortisation	1	4		31	36
Other liabilities	−34	26			−8
Loss carry-forwards	11	1		1	13
	509	**288**	**64**	**−59**	**802**
Comprising:					
Deferred tax assets					817
Deferred tax liabilities					15

(€ MILLION)

	BALANCE AT 1 JANUARY 2014	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	OTHER MOVEMENTS	BALANCE AT 31 DECEMBER 2014
Intangible assets	154	−32			122
Property for own use and equipment	9	−1		8	16
Investments	−447	−1,047	−83	−20	−1,597
Deferred acquisition costs	16	−4		−6	6
Insurance liabilities	710	1,251		19	1,980
Post-employment benefits	−10	−3	7	7	1
Other provisions	4			−1	3
Amortisation	1				1
Other liabilities	−55	3	−2	20	−34
Loss carry-forwards	126	−16		−99	11
	508	**151**	**−78**	**−72**	**509**
Comprising:					
Deferred tax assets					528
Deferred tax liabilities					19

The tax rates used in calculating deferred tax assets and liabilities differ per jurisdiction, and in both 2015 and 2014 these tax rates ranged from 10% to 30%. Changes in tax rates substantively enacted as at 31 December 2015 are taken into account.

The other movements mainly relate to the transfer between deferred and current tax as a result of a change in valuation for tax purposes of software under Intangible assets and other tax valuation changes.

An amount of €802 million (2014: €510 million) of the Deferred tax assets and liabilities is expected to be recovered more than twelve months after reporting date.

In the measurement of the current income tax position, uncertainties regarding collectability have been taken into account.

Deferred tax assets amounting to €55 million (2014: €56 million), have not been recognised in respect of taxable losses of previous years. For these losses it is not probable that future taxable profits will be available, against which the temporary difference can be utilised. The unrecognised deferred tax assets do not expire under current tax legislation.

14. DEFERRED ACQUISITION COSTS

(€ MILLION)

2015	INSURANCE CONTRACTS	INVESTMENT CONTRACTS	TOTAL
Balance at 1 January	114	25	139
Addition of deferred acquisition costs	21	7	28
Amortisation	-27	-5	-32
Foreign currency differences	2		2
Balance at 31 December	**110**	**27**	**137**

An amount of €102 million (31 December 2014: €112 million) of the Deferred acquisition costs is expected to be recovered more than twelve months after reporting date.

(€ MILLION)

2014	INSURANCE CONTRACTS	INVESTMENT CONTRACTS	TOTAL
Balance at 1 January	144	28	172
Acquisitions			
Disposals	-1		-1
Change in composition of the Group	**-1**		**-1**
Addition of deferred acquisition costs	11	6	17
Amortisation	-26	-9	-35
Impairment losses recognised in profit or loss	-14		-14
Balance at 31 December	**114**	**25**	**139**

In 2014, part of the deferred acquisition costs was impaired. Due to a change in the product features, the expected future benefits related to these products decreased and the deferred acquisition were impaired to their recoverable amount.

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15. RECEIVABLES AND ACCRUALS

(€ MILLION)

	2015	2014
Receivables from direct insurance	1,283	1,412
Receivables on reinsurance	40	42
Investment receivables	47	74
Contribution from Dutch Health insurance fund	2,540	1,662
Prepayments to Dutch hospitals	2,033	832
Payments related to Dutch short-term mental care (GGZ)	299	338
Other prepayments and accrued income	678	757
Non-insurance assets acquired by exercising rights to recoveries	58	55
Other	337	362
Balance at 31 December	**7,315**	**5,534**

An amount of €2,846 million (31 December 2014: €582 million) of the Receivables and accruals is expected to be recovered after twelve months after reporting date. For receivables expected to be recovered within twelve months after reporting date, the carrying amount is a reasonable approximation of the fair value.

The fair value of receivables expected to be recovered after twelve months after the reporting date amounts to €2,587 million as at 31 December 2015 (31 December 2014: €582 million).

Impairment losses recognised in 2015 related to Receivables and accruals amounted to €20 million (31 December 2014: €44 million) and are included in ‘Other expenses’.

16. CASH AND CASH EQUIVALENTS

(€ MILLION)

	2015	2014
Cash and bank balances	1,825	1,394
Call deposits	292	322
Balance at 31 December	**2,117**	**1,716**

Cash and cash equivalents subject to restrictions amounted to €91 million (31 December 2014: €158 million). The restrictions are related to the minimum reserve to be maintained at De Nederlandsche Bank N.V. which amounted to €57 million (31 December 2014: €61 million) and to collateral for the benefit of policyholders of €34 million (31 December 2014: €97 million).

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17. EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE COMPANY

The movements in Equity attributable to holders of equity instruments of the company are specified in the Consolidated Statement of Changes in Total equity.

SHARE CAPITAL AND SHARE PREMIUM

	NUMBER OF ORDINARY SHARES	NOMINAL VALUE ORDINARY SHARES	NUMBER OF PREFERENCE SHARES	NOMINAL VALUE PREFERENCE SHARES	NUMBER OF A SHARES	NOMINAL VALUE A SHARES
	(PAR VALUE € 1 PER SHARE)	(€ MILLION)	(PAR VALUE € 1 PER SHARE)	(€ MILLION)	(PAR VALUE € 1 PER SHARE)	(€ MILLION)
Authorised	2,103,943,009	2,104	60,000,000	60	1	
Issued	410,820,173	411	23,904,060	24	1	
Available for issuance	**1,693,122,836**	**1,693**	**36,095,940**	**36**		
Shares issued 1 January 2014	410,820,173	411	23,904,060	24	1	
Shares issued in 2014						
Shares issued 31 December 2014	**410,820,173**	**411**	**23,904,060**	**24**	**1**	
Shares issued 1 January 2015	410,820,173	411	23,904,060	24	1	
Shares issued 31 December 2015	**410,820,173**	**411**	**23,904,060**	**24**	**1**	

Share rights, preferences and restrictions

Each share confers the right to one vote at Achmea's General Meeting of Shareholders. See article 29.1 of the Statutes. Stichting Administratiekantoor Achmea is the holder of the A share. Special rights adhere to the A share. Many decisions of Achmea's General Meeting of Shareholders can only be made after approval of the holder of the A share.

The General Meeting decides on the proposal made by the Executive Board as to whether or not to pay dividends to the holders of preference and ordinary shares.

The holders of ordinary shares are entitled to receive dividends when declared. Dividends paid are 5.5% per year on the share capital and share premium paid for those shares. If the Supervisory Board agrees, the Executive Board can annually increase the above mentioned percentage, established on the date of issue, by a maximum of 1.8%. Terms on the percentage will be reviewed every ten years. The next review will take place before 1 January 2024.

All preference shares in the share capital of Achmea B.V. have been issued to Achmea Tussenholding B.V. The shares in the share capital of Achmea Tussenholding B.V. are certified through Stichting Administratiekantoor Achmea Tussenholding and issued to a number of institutional investors.

Certificates held by Achmea B.V., amounting to €45 million, are presented as Own shares within Total equity.

An overview of Achmea shareholders as at 31 December 2015 is presented in Other information, Achmea shareholders at 31 December 2015.

Own shares

Shares issued by Achmea B.V. and purchased by Achmea B.V. amounted to €235 million on 31 December 2015 and are presented as Own shares, which consisted of 10,335,282 ordinary shares (amounting to €190 million) and 11,486,592 certificates of Achmea Tussenholding B.V. shares (amounting to €45 million). There are no voting rights attached to these shares and no dividend is to be paid out.

Legal reserves

A legal reserve must be set up for the non-distributable profits related to associates and joint ventures, recognised internally developed software and Health subsidiaries that are subject to regulatory requirements and that according to the law may not distribute any profits to their shareholders.

An amount of €621 million (31 December 2014: €621 million) of Total equity contributed by subsidiaries at year-end 2015 was subject to claims under provisions in the articles of association of a number of subsidiaries, stipulating that, in the event of liquidation, the equity of these companies must be used for the benefit of public health.

As far as this amount is not included in the revaluation reserve, it has been included in the legal reserves. Amounts presented within the legal reserves cannot be distributed to shareholders.

Revaluation reserve

Based on the accounting principles used by Achmea, a revaluation reserve is formed. Furthermore, based on Dutch regulations, Achmea should form a legal reserve for all positive unrealised fair value changes for assets that are not quoted on active markets and for which the unrealised fair value changes are included in the income statement (e.g. investment property and certain other financial instrument with level 3 fair value measurements). This reserve is formed by transferring the required amounts from Retained earnings to the Revaluation reserve. Due to negative fair value movements of these assets in 2015, an amount of €7 million (2014: €12 million) is reallocated from the Revaluation reserve to the Retained earnings.

Part of the Revaluation reserve is related to property for own use. The revaluation surplus for property for own use amounted to €23 million in 2015 (2014: €12 million). The majority of the remainder of the revaluation reserve is related to available for sale investments.

The Revaluation reserve contains an amount of €411 million (31 December 2014: €227 million) relating to unrealised losses net of deferred taxes on assets carried at fair value. In determining the non-distributable revaluation reserve under Dutch regulations these losses cannot be deducted. Consequently, in relation to the Revaluation reserve an amount of €411 million (31 December 2014: €227 million) cannot be distributed to shareholders.

Exchange difference reserve

Assets and liabilities of foreign subsidiaries, with a functional currency other than the euro, are translated into euros at the exchange rates at reporting date. The income and expenses of such subsidiaries are translated at the weighted average exchange rates for the reporting period. Translation differences arising from the application of reporting date exchange rates to the opening balance of the net assets and goodwill of such subsidiaries and to the results for the reporting period are recognised in the Exchange difference reserve.

Amounts presented within the Exchange difference reserve cannot be distributed to shareholders.

Hedging reserve

The amounts presented within the Hedging reserve cannot be distributed to shareholders. In determining the non-distributable amounts under Dutch regulations these amounts cannot be distributed. Consequently, in relation to the Hedging reserve an amount of €7 million (2014: €7 million) cannot be distributed to shareholders.

Retained earnings

Results within the Dutch Health Insurance business are reported as non-taxable results, based on the current tax laws. The tax exemption is applicable as far as these results are not distributed. When results are partly or fully distributed, the annual results of the Dutch Health Insurance business will no longer be tax exempted. The annual results will then be taxable against a tax rate of 25%.

The Retained earnings contains an amount of €-223 million relating to defined benefit plans (31 December 2014: €-232 million). Changes in measurement of qualifying investments that cover defined benefit obligations and related liabilities concerning Achmea's defined benefit schemes are included in Other comprehensive income.

Total transaction costs related to the repurchase in 2015 of certain Other equity instruments that were charged directly to Retained earnings amounted to €8 million (2014: nil).

The Appropriation of results is presented in Other information, Statutory requirements for appropriation of results. According to this proposal €144 million dividend will be distributed to the holders of ordinary shares related to the financial year 2015.

Other equity instruments

In February 2015, Achmea B.V. completed the issuance of €750 million of Hybrid capital securities with a coupon of 4.25%. These Hybrid capital securities have no end date and have a first call option after 10 years. The Notes are listed on the Irish Stock Exchange in Dublin, Ireland. These instruments qualify as Other equity instruments.

On 1 November 2006, Achmea B.V. issued €600 million of Perpetual Capital Securities with a coupon of 6.0%, payable annually in arrears. Achmea has the option to redeem the Perpetual Capital Securities annually on the coupon payment date, starting on 1 November 2012. The Perpetual Capital Securities qualify as non-innovative hybrid capital instruments for regulatory solvency purposes.

In February 2015, Achmea announced a cash tender offer to purchase up to €250 million aggregate principal amount of its outstanding €367 million Perpetual Capital Securities with an initial coupon of 5.125%. These instruments qualify as Other equity instruments. The cash tender offer resulted in a final acceptance amount of €229 million against a purchase price of 101.5%. Settlement took place in February 2015 and was accounted for under Other equity instruments, with the related transactions costs and the difference between issue and purchase price being accounted for under Retained earnings.

In June 2015, Achmea decided to exercise its right to redeem in full its outstanding €138 million of Hybrid Capital Securities, with a coupon of 5.125%. In accordance with terms and conditions, the Capital Securities were redeemed on the first optional redemption date being the interest payment date falling on 24 June 2015.

Coupon payments on Other equity instruments are determined by Achmea and subject to the limitations described in the prospectus. The coupon payments will be charged to Retained earnings, part of Total equity. The tax related to the coupon payments of the appropriation of results is also included within Retained earnings and amounted in 2015 to €14 million (2014: €14 million).

18. NON-CONTROLLING INTEREST

(€ MILLION)

	2015	2014
Independer.nl N.V.	14	12
WagenPlan B.V.	7	6
Inshared Holding B.V.	–5	–5
Other	1	1
	17	**14**

In determining the Comprehensive income attributable to the Non-controlling interest, specific profit sharing rights relating to the different classes of shares are taken into account.

Net profit attributable to the non-controlling interest is €3 million (2014: €2 million).

19. INSURANCE LIABILITIES

(€ MILLION)

	2015 GROSS	2015 REINSURANCE	2014 GROSS	2014 REINSURANCE
Non-life insurance				
Unearned premiums	1,253	87	1,294	81
Provision for premium deficiency and unexpired risks	54	1	64	1
Outstanding claims (including IBNR)	5,598	304	5,486	229
Profit sharing and bonuses for policyholders	26		63	
Total Non-life insurance	**6,931**	**392**	**6,907**	**311**
Health insurance				
Unearned premiums	23		22	
Provision for premium deficiency and unexpired risks	481		336	
Outstanding claims (including IBNR)	4,763	13	4,762	9
Total Health insurance	**5,267**	**13**	**5,120**	**9**
Life insurance				
Provision for life policy liabilities	25,939	976	25,810	1,116
Deferred interest surplus rebates	–40		–37	
Net provision for life policy liabilities	25,899	976	25,773	1,116
Profit sharing and bonuses for policyholders	6,202		6,745	
Total Life insurance	**32,101**	**976**	**32,518**	**1,116**
Total Insurance liabilities	**44,299**	**1,381**	**44,545**	**1,436**

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The table below shows the insurance liabilities analysed by estimated time to maturity. The Life insurance and Income Protection contracts are analysed, based on the discounted cash in- and outflows related to the insurance contracts; Property & Casualty and Health insurance contracts are analysed, based on undiscounted cash flows.

ANALYSIS BY ESTIMATED TIME TO MATURITY OF INSURANCE LIABILITY

(€ MILLION)

2015	WITHIN 1 YEAR	1-5 YEARS	5-15 YEARS	OVER 15 YEARS	TOTAL
Non-life insurance					
Income protection	456	1,108	1,100	354	3,018
Property & Casualty	1,690	1,545	642	36	3,913
Health insurance	4,915	352			5,267
Life insurance	1,186	3,250	9,697	17,968	32,101
Balance at 31 December	**8,247**	**6,255**	**11,439**	**18,358**	**44,299**

2014	WITHIN 1 YEAR	1-5 YEARS	5-15 YEARS	OVER 15 YEARS	TOTAL
Non-life insurance					
Income protection	475	1,157	1,151	357	3,140
Property & Casualty	1,377	1,641	719	30	3,767
Health insurance	4,834	286			5,120
Life insurance	1,312	3,302	10,316	17,588	32,518
Balance at 31 December	**7,998**	**6,386**	**12,186**	**17,975**	**44,545**

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MOVEMENT TABLE NON-LIFE INSURANCE LIABILITIES

(€ MILLION)

	2015 GROSS	2015 REINSURANCE	2014 GROSS	2014 REINSURANCE
PROVISION FOR UNEARNED PREMIUMS NON-LIFE				
Balance at 1 January	1,294	81	1,326	71
Acquisitions				
Disposals			−12	−1
Change in composition of the Group			**−12**	**−1**
Added during the year	3,684	258	3,688	227
Released to the Income Statement	−3,703	−241	−3,704	−218
Foreign currency differences	−22	−11	−4	2
Balance at 31 December	**1,253**	**87**	**1,294**	**81**
PROVISION FOR PREMIUM DEFICIENCY AND UNEXPIRED RISKS NON-LIFE				
Balance at 1 January	64	1	75	1
Added during the year	1		8	
Released to the Income Statement	−11		−23	
Changes due to reclassification			4	
Balance at 31 December	**54**	**1**	**64**	**1**
OUTSTANDING CLAIMS (INCLUDING IBNR) NON-LIFE				
Balance at 1 January	5,486	229	5,462	231
Acquisitions				
Disposals			−17	−1
Change in composition of the Group			**−17**	**−1**
Current period claims reported	2,594	117	2,593	68
Previous period claims reported/released	170	36	−13	18
Plus claims reported	**2,764**	**153**	**2,580**	**86**
Current period claims paid	1,253	30	1,207	22
Previous period claims paid	1,287	32	1,245	69
Less claims paid	**2,540**	**62**	**2,452**	**91**
Foreign currency differences	−20	−17	−3	3
Unwinding of discount	−74		−74	
Effect of changes in assumptions	−18	1	−6	1
Changes due to reclassification			−4	
Balance at 31 December	**5,598**	**304**	**5,486**	**229**

MOVEMENT TABLE NON-LIFE INSURANCE LIABILITIES (€ MILLION)

	2015 GROSS	2015 REINSURANCE	2014 GROSS	2014 REINSURANCE
PROFIT SHARING AND BONUSES FOR POLICYHOLDERS				
Balance at 1 January	63		63	
Net movements during the period	−37			
Balance at 31 December	**26**		**63**	
TOTAL NON-LIFE INSURANCE LIABILITIES	**6,931**	**392**	**6,907**	**311**

The table below shows the claims development table for Non-Life before and net of reinsurance.

CLAIMS DEVELOPMENT TABLE FOR NON-LIFE (€ MILLION)

(BEFORE REINSURANCE)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	TOTAL
Estimate of cumulative claims:											
At end of underwriting year	2,594	2,593	2,776	2,733	2,594	2,848	2,825	2,828	2,709	2,235	
One year later		2,447	2,541	2,482	2,468	2,633	2,857	2,827	2,596	2,215	
Two years later			2,544	2,437	2,443	2,504	2,650	2,709	2,564	2,155	
Three years later				2,435	2,439	2,471	2,539	2,538	2,448	2,129	
Four years later					2,445	2,477	2,509	2,515	2,422	2,000	
Five years later						2,465	2,530	2,468	2,359	2,070	
Six years later							2,536	2,481	2,326	2,061	
Seven years later								2,479	2,333	2,033	
Eight years later									2,343	2,055	
Nine years later										2,062	
Estimate of cumulative claims	**2,594**	**2,447**	**2,544**	**2,435**	**2,445**	**2,465**	**2,536**	**2,479**	**2,343**	**2,062**	**24,350**
Cumulative payments	−1,253	−1,598	−1,930	−1,896	−1,970	−2,119	−2,184	−2,193	−2,134	−1,850	−19,127
	1,341	**849**	**614**	**539**	**475**	**346**	**352**	**286**	**209**	**212**	**5,223**
Insurance liabilities claims prior years (<2006)											1,170
Effect of discounting											−795
Outstanding claims at 31 December 2015											**5,598**

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CLAIMS DEVELOPMENT TABLE FOR NON-LIFE

(€ MILLION)

(NET OF REINSURANCE)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	TOTAL
Estimate of cumulative claims:											
At end of underwriting year	2,477	2,525	2,673	2,692	2,524	2,773	2,736	2,726	2,508	2,191	
One year later		2,383	2,445	2,433	2,399	2,572	2,768	2,726	2,387	2,171	
Two years later			2,450	2,402	2,374	2,439	2,571	2,614	2,356	2,114	
Three years later				2,400	2,400	2,407	2,457	2,446	2,214	2,089	
Four years later					2,410	2,450	2,438	2,422	2,246	1,965	
Five years later						2,439	2,505	2,384	2,163	2,036	
Six years later							2,478	2,368	2,159	2,027	
Seven years later								2,418	2,158	1,998	
Eight years later									2,293	2,018	
Nine years later										2,025	
Estimate of cumulative claims	**2,477**	**2,383**	**2,450**	**2,400**	**2,410**	**2,439**	**2,478**	**2,418**	**2,293**	**2,025**	**23,773**
Cumulative payments	−1,223	−1,577	−1,865	−1,888	−1,956	−2,102	−2,174	−2,138	−2,091	−1,814	−18,828
	1,254	**806**	**585**	**512**	**454**	**337**	**304**	**280**	**202**	**211**	**4,945**
Insurance liabilities claims prior years (<2006)											1,144
Effect of discounting											−795
Outstanding claims at 31 December 2015											**5,294**

MOVEMENT TABLE HEALTH INSURANCE LIABILITIES

(€ MILLION)

	2015 GROSS	2015 REINSURANCE	2014 GROSS	2014 REINSURANCE
PROVISION FOR UNEARNED PREMIUMS HEALTH				
Balance at 1 January	22		26	
Acquisitions				
Disposals			−2	
Change in composition of the Group			**−2**	
Added during the year	13,872	−3	13,605	33
Released to the Income Statement	−13,871	3	−13,606	−33
Foreign currency differences			−1	
Balance at 31 December	**23**		**22**	
PROVISION FOR PREMIUM DEFICIENCY AND UNEXPIRED RISKS HEALTH				
Balance at 1 January	336		37	
Added during the year	480		335	
Released to the Income Statement	−335		−36	
Balance at 31 December	**481**		**336**	

MOVEMENT TABLE HEALTH INSURANCE LIABILITIES

(€ MILLION)

	2015 GROSS	2015 REINSURANCE	2014 GROSS	2014 REINSURANCE
OUTSTANDING CLAIMS (INCLUDING IBNR) HEALTH				
Balance at 1 January	4,762	9	5,077	26
Acquisitions				
Disposals			−1	
Change in composition of the Group			**−1**	
Current period claims reported	13,161	4	12,551	259
Previous period claims reported/released	−275	−90	−169	−190
Plus claims reported	**12,886**	**−86**	**12,382**	**69**
HKC premiums related to current period claims reported				−248
HKC premiums related to previous claims reported		98		221
HKC premiums related to claims reported		**98**		**−27**
Current period claims paid	8,544	3	8,114	6
Previous period claims paid	4,342	406	4,584	859
Less claims paid	**12,886**	**409**	**12,698**	**865**
HKC premiums related to previous claims paid		−401		−806
Less HKC premiums related to claims paid		**−401**		**−806**
Effect of change in benchmark rate			2	
Effect of changes in assumptions	1			
Balance at 31 December	**4,763**	**13**	**4,762**	**9**
TOTAL HEALTH INSURANCE LIABILITIES	**5,267**	**13**	**5,120**	**9**

The balance for reinsurance amounting to €13 million (31 December 2014: €9 million) consists of a receivable on the Health Care Insurance Board (ZiNL) amounting to €713 million (31 December 2014: €1,209 million) and a liability to ZiNL amounting to €700 million (31 December 2014: €1,200 million). The composition of the receivable and liability is based on premiums, claims and other movements by underwriting year.

The claims development table for Health is presented before reinsurance only, as a claims development table after reinsurance would be in line with the table presented below.

The technical provision for outstanding claims at 31 December 2015 in relation to claims year 2013 shows a negative balance due to the fact that Achmea closed several contracts with health care institutions based on lump sum. This has been taken into account in the estimates. These contracts with the health care institutions will be settled in 2016.

CLAIMS DEVELOPMENT TABLE FOR HEALTH

(€ MILLION)

(BEFORE REINSURANCE)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	TOTAL
Estimate of cumulative claims:											
At end of underwriting year	13,161	12,551	12,777	12,840	11,907	11,101	10,368	10,466	10,775	7,504	
One year later		12,865	12,598	12,553	11,679	11,163	10,672	10,699	10,532	6,936	
Two years later			12,737	12,641	11,706	11,023	10,612	10,656	10,522	6,904	
Three years later				11,912	11,626	10,997	10,614	10,491	10,836	6,329	
Four years later					11,626	10,997	10,611	10,486	11,871	6,330	
Five years later						10,997	10,611	10,488	11,771	6,216	
Six years later							10,611	10,488	11,771	6,211	
Seven years later								10,488	11,771	6,211	
Eight years later									11,771	6,211	
Nine years later										6,211	
Estimate of cumulative claims	**13,161**	**12,865**	**12,737**	**11,912**	**11,626**	**10,997**	**10,611**	**10,488**	**11,771**	**6,211**	**112,379**
Cumulative payments	−8,544	−12,684	−12,798	−11,886	−11,626	−10,997	−10,611	−10,488	−11,771	−6,211	−107,617
Insurance liabilities claims prior years (<2006)											
Outstanding claims at 31 December 2015	**4,617**	**181**	**−61**	**26**							**4,763**

MOVEMENT TABLE FOR LIFE INSURANCE LIABILITIES

(€ MILLION)

	2015 GROSS	2015 REINSURANCE	2014 GROSS	2014 REINSURANCE
FOR PROVISION FOR LIFE POLICY LIABILITIES				
Balance at 1 January	25,810	1,116	25,564	575
Acquisition				
Disposals			−27	
Change in composition of the Group			**−27**	
Benefits paid	−2,559	−209	−2,406	−192
Net premiums received	1,531	133	1,598	728
Technical result	−216	−45	−336	16
Foreign currency differences	5		5	
Unwinding of discount	673		870	
Cost withdrawal	−119	−17	−129	−12
Effect of changes in assumptions	53		269	
Effect of fair value changes	−4		223	
Changes due to reclassification	765	−2	179	1
Balance at 31 December	**25,939**	**976**	**25,810**	**1,116**

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MOVEMENT TABLE FOR LIFE INSURANCE LIABILITIES

(€ MILLION)

	2015 GROSS	2015 REINSURANCE	2014 GROSS	2014 REINSURANCE
DEFERRED INTEREST SURPLUS REBATES				
Balance at 1 January	−37		−29	
Rebates granted	−12		−15	
Foreign currency differences			−1	
Amortisation	9		8	
Balance at 31 December	**−40**		**−37**	
PROFIT SHARING AND BONUSES FOR POLICYHOLDERS				
Balance at 1 January	6,745		2,150	
Net movements during the period	−543		4,738	
Changes due to reclassification			−143	
Balance at 31 December	**6,202**		**6,745**	
TOTAL LIFE INSURANCE LIABILITIES	**32,101**	**976**	**32,518**	**1,116**

The discount rate used to determine the life policy liabilities whose cash flows are based on locked assumptions related to Dutch activities ranges between 3% and 4%. Life policy liabilities relating to Dutch activities whose cash flows are discounted using market based interest rates are based on the Euro swap curve, including an illiquidity premium depending on the profit sharing features of the insurance contract, which is extrapolated by means of an ultimate forward rate (UFR), amounting to 4.2% at year-end 2015. The UFR is the risk-free discount rate after the last liquid point in the Euro swap market and it is based on a long-term equilibrium rate of historical data. The life policy liabilities for foreign operating companies are generally calculated based on discounting at the interest rate guaranteed for the product or in some cases based on projected returns on related investments.

The provision for life policy liabilities includes an amount of €18.3 billion (31 December 2014: €17.3 billion) related to insurance contracts with participating benefits.

The provision for life policy liabilities includes an amount of €1.7 billion (31 December 2014: €1.9 billion) related to non-participating benefits contracts which is calculated using current discount rates.

Furthermore, €2.4 billion (31 December 2014: €2.3 billion) of the provision is based on discount rates of projected returns of related investments.

The technical provision, which is related to 'closed book' activities amounted to €6.7 billion (31 December 2014: €7.0 billion). Benefits paid related to 'closed book' activities amounted to €875 million (31 December 2014: €932 million).

The net changes due to reclassification in 2015 mainly relate to a changed classification of a group of contracts towards insurance liabilities where policyholders bear investment risks due to changed contractual conditions. There are also insurance contracts reclassified to investment contracts because of a changed assessment of the underlying risk.

20. INSURANCE LIABILITIES WHERE POLICYHOLDERS BEAR INVESTMENT RISKS

(€ MILLION)

	2015	2014
Balance at 1 January	17,014	19,387
Benefits paid	–1,292	–5,000
Net premiums received	835	1,110
Technical result	–69	–13
Unwinding of discount	91	112
Cost withdrawal	–65	–65
Effect of fair value changes related to financial assets	527	1,544
Changes due to reclassification	–801	–61
Balance at 31 December	**16,240**	**17,014**

In previous years, an issue has arisen in the Netherlands regarding the costs included in investment insurance policies (beleggingsverzekeringen), such as the life insurance policies with unit-linked alternative. It is generally alleged that the costs of some of these products are disproportionally high, that in some cases a legal basis for such costs is lacking and that the information provided to the insured regarding these costs has not been transparent which is considered an alleged misselling issue.

In the past, Achmea reached agreement with certain customer interest groups in the Netherlands. The discussion related to these investment insurance policies is still continuing. In determining the insurance liabilities, these discussions are taken into account.

The decrease in benefits paid compared to 2014 is mainly caused by the termination or the transfer of insurance contracts with segregated investments.

Changes due to reclassification are changes between insurance liabilities where policyholders bear investment risks and life policy liabilities.

The technical provision of insurance liabilities where policyholders bear investment risks, which are related to 'closed book' activities amounted to €11.6 billion (31 December 2014: €11.7 billion). Benefits paid related to the 'closed book' activities amounted to €1.0 billion (31 December 2014: €1.2 billion).

ANALYSIS BY ESTIMATED TIME TO MATURITY

(€ MILLION)

	WITHIN 1 YEAR	1-5 YEARS	5-15 YEARS	OVER 15 YEARS	TOTAL
31 December 2015	512	1,507	5,248	8,973	16,240
31 December 2014	424	1,101	3,892	11,597	17,014

This table shows the insurance liabilities broken down by estimated remaining time to maturity. The insurance contracts for Insurance liabilities where policyholders bear investment risks are analysed based on the discounted cash in- and outflows related to the insurance contracts.

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21. INVESTMENT CONTRACTS

MOVEMENT TABLE INVESTMENT CONTRACTS (€ MILLION)

	2015	2014
Balance at 1 January	2,158	2,015
Acquisition		
Disposals		–3
Change in composition of the Group		**–3**
Consideration received	428	404
Consideration paid	–403	–473
Effect of fair value changes related to financial assets	119	160
Changes due to reclassification	36	55
Balance at 31 December	**2,338**	**2,158**

Financial contracts with insignificant insurance risk are presented as investment contracts. The linked investments are presented as part of Investments backing linked liabilities.

Changes due to reclassification are related to classification changes based on change in assessment of the underlying risk.

ANALYSIS BY CONTRACTUAL REMAINING TIME TO MATURITY (€ MILLION)

	2015	2014
Within 1 year	237	219
1-5 years	660	611
5-15 years	888	780
Over 15 years	553	548
Total Investment contracts	**2,338**	**2,158**

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22. POST-EMPLOYMENT BENEFITS

(€ MILLION)

31 DECEMBER 2015	THE NETHERLANDS	OTHER COUNTRIES	TOTAL
Present value of defined benefit obligation	938	95	1,033
Fair value of total investments backing defined benefit obligation	–949	–73	–1,022
Fair value of non-qualifying investments backing defined benefit obligation	880		880
Unfunded status	**869**	**22**	**891**
Effect of asset ceiling			
Net defined benefit liability	**869**	**22**	**891**

(€ MILLION)

31 DECEMBER 2014	THE NETHERLANDS	OTHER COUNTRIES	TOTAL
Present value of defined benefit obligation	1,008	135	1,143
Fair value of total investments backing defined benefit obligation	–1,006	–82	–1,088
Fair value of non-qualifying investments backing defined benefit obligation	934		934
Unfunded status	**936**	**53**	**989**
Effect of asset ceiling			
Net defined benefit liability	**936**	**53**	**989**

Achmea has a pension scheme for the major part of its employees. The pension scheme executed by Stichting Pensioenfonds Achmea, applicable for the major part of the 14,000 employees in the Netherlands, is a so-called Collective Defined Contribution (CDC) scheme. The obligation of Achmea related to the pension scheme is limited to payment of the agreed premium for the current year of service.

Achmea maintains defined contribution plans for the major part of its employees. Achmea's defined benefit obligation is mainly related to the accrued rights under former defined benefit plans. These defined benefit plans were maintained in The Netherlands, Ireland and for a limited amount in Greece. Benefits related to medical costs are not included in these plans.

Annual contributions related to defined benefit plans are paid to adequately finance the accrued liabilities during year of the plans calculated in accordance with local legal requirements. Furthermore, if applicable, additional contributions are paid so that defined benefit plans comply with applicable local regulations concerning investments and funding levels.

The defined benefit obligations of Achmea relate to the pension scheme executed by Stichting Bedrijfstakpensioenfonds Zorgverzekeraars (SBZ) and accrued rights under former defined benefit schemes in Ireland.

The defined benefit plan executed by SBZ is a multi-employer industry-based pension scheme SBZ in which Achmea, as employer for certain health insurance group companies in the Netherlands, participates. SBZ determines the yearly contributions, that Achmea (and the other employers) should make, based on an actuarially determined premium per individual participant. The plan is funding conditional indexation from investment returns. Achmea pays no premium for this purpose. Achmea is only liable for the share of its employees in the pension plan and has no other financial obligations to the plan.

In case of a wind-up of the plan or in case Achmea no longer participates in the pension plan, the insured value of the participants in the plan to another pension fund will be transferred without additional offsetting deficits and surpluses.The accrued rights under former defined benefit schemes in the Netherlands have been insured with Achmea Pensioen- en Levensverzekeringen N.V. and so Achmea continues to hold the financial and actuarial risks.

The investments related to the insurance contracts are accounted for as Investments (and do not qualify as Investments backing defined benefit obligation).

Pensions for the Irish employees are provided by the Friends First Group Retirement and Death Benefits Scheme. As of 2014, Friends First employees accrue pension entitlements on a defined contribution basis. The accrued rights up to that moment are based on a defined benefit scheme, in which the retirement age is based on the age for state pension benefits in Ireland

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and the accrued rights of the participants are indexed based on price inflation.

Contributions paid related to defined contribution pension plans incurred in 2015 amounted to €288 million (2014: €292 million). Post-employment benefits are essentially of a long-term nature. Contributions are generally determined as the actuarially required contribution for the acquired pension rights in that year, taking into account current interest rates.

MOVEMENT TABLE POST-EMPLOYMENT BENEFITS

(€ MILLION)

	DEFINED BENEFIT OBLIGATION	FAIR VALUE OF INVESTMENTS BACKING DEFINED BENEFIT OBLIGATION	EFFECT OF ASSET CEILING	**NET DEFINED BENEFIT LIABILITY 2015**	NET DEFINED BENEFIT LIABILITY 2014
Balance at 1 January	1,143	−154		989	793
Current service costs	7			7	6
Net interest expense on net defined benefit liability	23	−3		20	29
Remeasurement of net defined benefit liability					
Return on plan assets, excluding amounts included in net interest expense		7		7	−20
Actuarial gains and losses arising from changes in demographic assumptions					4
Actuarial gains and losses arising from changes in financial assumptions	−49			−49	222
Experience gains and losses	−10			−10	−5
Past service costs and settlements					−2
Net expense in recognized in income statement Curtailment & settlements	−25			−25	
Contributions paid					
Employees	1	−1			
Achmea group companies		−8		−8	−9
Benefits paid by the plan					
Benefit payments	−31	2		−29	−29
Settlements	−26	15		−11	
Other changes					
Balance at 31 December	**1,033**	**−142**		**891**	**989**

The effect of asset ceiling covers certain pension plans where the plan assets exceed the defined benefit obligation. When Achmea is not unconditionally entitled to the surplus within the pension plan, the surplus is not recognised as a receivable on the Statement of Financial Position.

The future contributions from employees to the pension plans are taken into account in determining the defined benefit obligation and current service costs.

In 2015, the pension scheme for the Executive Board in the Netherlands was changed. As from 1 January 2015, these employees will also accrue rights based on a CDC-scheme. As a consequence, part of the defined benefit obligations were settled in 2015 based on the position as at 1 January 2015. The result on settlement amounted to €25 million and is accounted for as part of Operating expenses, pensions.

In 2015, Friends First reached agreement with individual members of its defined benefit plan, to make use of an enhanced transfer value for their accrued rights under this defined benefit plan. These members, on an individual basis, elected to transfer the "value" of their benefits out of the plan for a lump sum cash payment into the new.defined contribution scheme. As this enhanced transfer value exercise is not part of the provisions of the former defined benefit plan, a result on settlement was accounted for as part of Other expenses, amounting to €11 million.

In 2014, the settlement of the change the pension scheme for a major part of employees in the Netherlands was effected. Before 2014, Achmea already agreed on a defined benefit scheme for these employees. The legal and constructive obligations related to the former pension scheme (defined benefit) were settled in 2014 based on the position at 1 January 2014. The result on settlement amounted to €-8 million and is accounted for as part of Operating expenses, pensions.

SIGNIFICANT ACTUARIAL ASSUMPTIONS AT REPORTING DATE (EXPRESSED AS WEIGHTED AVERAGE ASSUMPTIONS)

	2015		2014	
	THE NETHERLANDS	OTHER COUNTRIES	THE NETHERLANDS	OTHER COUNTRIES
Discount rate	2.20	0.83 - 2.70	2.10	2.20
Future salary increases	2.00	1.66	2.00	1.00
Future pension increases	1.30	1.95	1.80	1.95
Future pension increases for in-payment benefits	0.60		0.80	
Rates of employee turnover	3.00	2.00	3.00	2.00

The employee turnover in The Netherlands concerns the active members, and therefore concerns only a small part of the post-employment benefits.

The rate used to discount the defined benefit obligation is determined by reference to market yields on high quality corporate bonds (AA rating or better). Achmea applies the Towers Watson Rate: Link curve. Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. To determine the defined benefit obligation 'the AG prognosetafel 2014' has been applied in the Netherlands.

These assumptions translate into an average life expectancy in years for a pensioner retiring at the age as defined in the respective pension plans:

	2015		2014	
	THE NETHERLANDS	OTHER COUNTRIES	THE NETHERLANDS	OTHER COUNTRIES
Retiring at the end of the reporting period:				
- Male	22	18	22	19
- Female	24	20	24	21
Retiring 20 years after the end of the reporting period:				
- Male	24	21	24	21
- Female	26	23	26	23

The weighted average duration of the Defined Benefit Obligation is 17 years (2014: 18 years).

MATURITY ANALYSIS OF EXPECTED UNDISCOUNTED CASH FLOWS RELATED TO DEFINED BENEFIT OBLIGATION

(€ MILLION)

	2015	2014
Less than 10 years	318	351
10 - 30 years	832	884
30 - 50 years	440	488
Over 50 years	55	58
Balance at 31 December	1,645	1,781
Impact of discounting	–612	–638
Defined benefit obligation	**1,033**	**1,143**

The investments backing defined benefit obligation mainly comprise insurance policies issued by these Achmea group companies, that do not qualify as plan assets. The qualifying plan assets mainly consist of listed instrument of a highly diversified nature, primarily investments in Equity instruments and similar investments amounting to €44 million (31 December 2014: €45 million) and Debt instruments amounting to €89 million (31 December 2014: €92 million).

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The table below shows the impact of changes in assumptions on the defined benefit obligations.

IMPACT FOR THE REMAINING DEFINED BENEFIT OBLIGATION

(€ MILLION)

2015	CHANGE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	1%	−158	206
Future salary increase	1%	20	−17
Future pension increase for in-payment benefits	1%	152	−51
Mortaility improvement	1 year	34	−34
Rates of employee turnover	1%	−3	1

(€ MILLION)

2014	CHANGE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	1%	−183	241
Future salary increase	1%	48	−39
Future pension increase for in-payment benefits	1%	168	−82
Mortaility improvement	1 year	37	−38
Rates of employee turnover	1%	−3	1

- The change in percentage of the assumptions listed in the table above are in absolute amounts. This means that the assumption changes with 100 bp.
- The change in the mortality rate of 1 year means that the life expectancy of the participants will increase or decrease with 1 year.

The sensitivity analyses are based on a change in an assumption while holding all other assumptions unchanged. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the Defined Benefit Obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the Consolidated Statement of Financial Position. Furthermore, the mitigating impact of any changes in the value of the plan assets is not taken into account.

Achmea expects to pay €8 million in contributions to defined benefit plans in 2016.

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23. OTHER PROVISIONS

(€ MILLION)

2015	RESTRUC-TURING	LEGAL CLAIMS	ONEROUS CONTRACTS	EMPLOYEE BENEFITS (EXCLUDING POST-EMPLOYMENT BENEFITS)	OTHER	TOTAL
Balance at 1 January	217	77	23	39	57	413
Acquisitions						
Disposals						
Change of composition of the group						
Additions	56	48	12	5	3	124
Usage	–116	–45	–8	–3	–5	–177
Released	–4	–23		–4	–7	–38
Changes due to reclassification	13		–1			12
Balance at 31 December	**166**	**57**	**26**	**37**	**48**	**334**
Non-current	111	50	17	36	9	223
Current	55	7	9	1	39	111
Balance at 31 December	**166**	**57**	**26**	**37**	**48**	**334**

(€ MILLION)

2014	RESTRUC-TURING	LEGAL CLAIMS	ONEROUS CONTRACTS	EMPLOYEE BENEFITS (EXCLUDING POST-EMPLOYMENT BENEFITS)	OTHER	TOTAL
Balance at 1 January	33	109	32	40	60	274
Acquisitions						
Disposals						
Change of composition of the group						
Additions	267	20	6	9	36	338
Usage	–62	–20	–13	–1	–38	–134
Released	–5	–27	–2	–4	–11	–49
Changes due to reclassification	–16	–5		–5	10	–16
Balance at 31 December	**217**	**77**	**23**	**39**	**57**	**413**
Non-current	158	22	15	37	15	247
Current	59	55	8	2	42	166
Balance at 31 December	**217**	**77**	**23**	**39**	**57**	**413**

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Changes due to reclassification in 2014 are mainly related to presentation changes. The changes due to reclassification in 2015 relate to a reclassification from other liabilities to other provisions due to the estimated maturity.

Restructuring

In December 2013, Achmea announced that it will accelerate the adjustments to its organisation, in order to further increase customer focus, reduce costs for customers and facilitate investments in its online services. This will result in a gradual reduction in staffing levels of around 4,000 FTE's, of which a major part will be declared redundant.

At 31 December 2015 the restructuring provision amounted to €166 million (31 December 2014: €217 million). The most important assumptions used in determining this restructuring provision relate to the average salary, the reassignment period and the probability of a reassignment to another position within Achmea or elsewhere.

These liabilities have different expected settlement dates, but the main part is expected to have a maturity of more than twelve months.

Legal claims

Legal claims include liabilities related to legal claims and possible compensations in relation to insurance and non-insurance activities of Achmea. Due to the nature of these liabilities, the expected maturity is uncertain, but the main part is expected to have a maturity of more than twelve months. The value of legal claims is determined based on management judgement, external professional assessment and experience.

Regarding a claim of a former client an agreement was reached during 2015, as a result of which additions were made to the provision for legal claims. The settlement of the provision took place in 2015. In the Income Statement, the expenses related to this provision are presented net of the amount recognised for reimbursement. The overall settlement of legal claims in the regular course of business during the first half of 2015 has a limited net impact on Net results.

Onerous contracts

Onerous contracts mainly include liabilities related to rented unused office premises and other premises and IT-related contracts. These liabilities have different expected settlement dates, but the main part is expected to have a maturity of more than twelve months. The value of Onerous contracts is determined, based on contractual agreements, taking into account any economic benefits expected to be received under the contract.

Employee benefits (excluding post-employee benefits)

Employee benefits provisions include employee benefits payable after more than twelve months, including provisions for long-service benefits. These liabilities have different expected settlement dates, but the main part is expected to have a maturity of more than twelve months. The value of Employee benefits provisions is determined, based on management judgement, external professional assessment and experience.

Other

Other provisions consist of liabilities related to the activities of health insurance and various other minor liabilities. These liabilities have different expected settlement dates, but the main part is expected to have a maturity of more than twelve months. The value of Other provisions is determined based on management judgement, external professional assessment and experience.

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24. BANKING CUSTOMER ACCOUNTS

BANKING CUSTOMER ACCOUNTS (€ MILLION)

	2015	2014
Balance at 31 December	**5,995**	**6,306**

The fair value of Banking customer accounts measured at 'Amortised cost' at year-end is €5,732 million (31 December 2014: €6,327 million).
The fair value measurement is mainly based on inputs from observable market data.

ANALYSIS BY CONTRACTUAL REMAINING TIME TO MATURITY (INCLUDING ACCRUED INTEREST) (€ MILLION)

	BANKING CUSTOMER ACCOUNTS	INTEREST PAYMENTS	TOTAL 2015	BANKING CUSTOMER ACCOUNTS	INTEREST PAYMENTS	TOTAL 2014
Less than 3 months	3,105	20	3,125	3,120	36	3,156
3-12 months	697	50	747	468	41	509
1-5 years	1,509	152	1,661	1,457	186	1,643
Over 5 years	684	204	888	1,261	84	1,345
	5,995	**426**	**6,421**	**6,306**	**347**	**6,653**

25. LOANS AND BORROWINGS

LOANS AND BORROWINGS CLASSIFIED BY NATURE

(€ MILLION)

2015	LOANS AT FAIR VALUE	LOANS AT AMORTISED COST	TOTAL
Deposits from credit institutions			
Secured bank loans		2,158	2,158
Unsecured loans		4,890	4,890
Subordinated loans		522	522
Others	13	20	33
	13	**7,590**	**7,603**

2014	LOANS AT FAIR VALUE	LOANS AT AMORTISED COST	TOTAL
Deposits from credit institutions		101	101
Secured bank loans		2,663	2,663
Unsecured loans		3,470	3,470
Subordinated loans		527	527
Others	19	231	250
	19	**6,992**	**7,011**

The fair value of loans and borrowings measured at amortised cost at year-end is €7,765 million (31 December 2014: €7,274 million). The nominal amount of loans measured at fair value is €13 million (31 December 2014: €19 million).

MOVEMENT TABLE LOANS AND BORROWINGS

(€ MILLION)

	DEPOSITS FROM CREDIT INSTITUTIONS	SECURED BANK LOANS	UNSECURED LOANS	SUBORDINATED LOANS	OTHER	TOTAL 2015	TOTAL 2014
Balance at 1 January	101	2,663	3,470	527	250	7,011	11,131
Money deposited		833	1,871		19	2,723	3,034
Money withdrawn	−101	−1,444	−474		−236	−2,255	−7,137
Amortisation			1			1	1
Foreign currency differences			18			18	3
Change in value due to fair value hedge accounting		13	45	−5		53	17
Accrued interest		4	48			52	−38
Changes due to reclassification		89	−89				
Balance at 31 December		**2,158**	**4,890**	**522**	**33**	**7,603**	**7,011**

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As at 31 December 2015, total loans outstanding to finance the banking activities €6,575 million (2014: €5,268 million).

ANALYSIS BY CONTRACTUAL REMAINING TIME TO MATURITY

(€ MILLION)

	LOANS AND BORROWINGS	INTEREST	TOTAL 2015	LOANS AND BORROWINGS	INTEREST	TOTAL 2014
Less than 3 months	641	49	690	685	25	710
3-12 months	842	37	879	1,468	69	1,537
1-5 years	3,818	209	4,027	3,427	177	3,604
Over 5 years	2,302	88	2,390	1,431	71	1,502
	7,603	**383**	**7,986**	**7,011**	**342**	**7,353**

Deposits from credit institutions

Deposits from banks contains deposits from both central banks (ECB) as other commercial banks. In 2015, the ECB's LTRO (Long-Term Refinancing Operations) facility which Achmea had entered into in the past was redeemed.

Secured loans

The banking activities of Achmea are also funded by pledges on mortgage receivables as security for loans. To this end Achmea Bank N.V. issues debentures under its €10 billion Secured Debt Issuance Programme, its €10 billion Covered Bond Programme, and various Residential Mortgage Backed Securities, issued by special purpose entities controlled by Achmea Bank N.V. These debentures are issued in various base currencies. The carrying amount of these residential mortgage loans is €4.8 billion (31 December 2014: €5.8 billion).

In 2015, Achmea's subsidiary Achmea Bank N.V. successfully completed the issuance of €850 million of RMBS (DRMP I) with a coupon of 1.125%. These Notes have a maturity of 7 years (maturity date is April 2022). The Notes are listed on the Irish Stock Exchange in Dublin.

UNSECURED LOANS AND BORROWINGS

(€ MILLION)

	2015	2014
State Guaranteed Loans Achmea Bank N.V.		
Senior Unsecured Bond Achmea Bank N.V.	3,689	2,386
Commercial Paper	262	174
Senior Unsecured Notes Achmea B.V.		
Debt instruments Achmea B.V.	744	744
Senior Unsecured Notes Achmea B.V.	195	166
	4,890	**3,470**

In October 2012, Achmea Bank N.V. established an Unsecured Medium Term Note (EMTN) programme of €2.5 billion. In 2015 Achmea Bank N.V. successfully completed the issuance of two new tranches under this programme for in total €1.2 billion. In addition, Achmea Bank N.V. increased its Private Placements with €606 million in 2015.

The total outstanding amount under the unsecured EMTN programme amounts to €3.7 billion, of which €821 million Private Placements (31 December 2014: €214 million).

Achmea's subsidiary Achmea Bank N.V also set up a French commercial paper programme of €1.5 billion. With this programme Achmea Bank N.V is able to access the international money markets to further diversify its funding mix. At the end of 2015, the programme has been used resulting in a total outstanding amount of commercial paper of €262 million. (31 December 2014: €174 million).

The syndicated credit facility of Achmea B.V. has a maximum size of €750 million which will mature in 2020. At year-end 2015, the committed credit lines were undrawn.

Subordinated loans

In April 2013, Achmea B.V. issued €500 million of Subordinated Notes with a coupon of 6%. These Subordinated Notes have a maturity of 30 years (maturity date is 4 April 2043) with a first call option after 10 years. The Notes are listed on the Irish Stock Exchange in Dublin, Ireland.

The subordinated loans are subordinated to all other current and future liabilities and they are all equal in rank. The average interest rate for 2015 was 6.0% (2014: 5.9%).

26. OTHER LIABILITIES

(€ MILLION)

	31 DECEMBER 2015	31 DECEMBER 2014
Liabilities out of direct insurance:		
Policyholders	921	955
Agents	86	125
Prepaid premiums	586	411
Other investment liabilities	202	280
Reinsurance liabilities	100	74
Taxes and social security premiums	163	173
Creditors	298	245
Post-employment benefits	31	33
Accruals and deferred income	226	277
Other	324	374
	2,937	**2,947**

An amount of €132 million (31 December 2014: €430 million) of the other liabilities is expected to be settled more than twelve months after reporting date. For other liabilities expected to be settled within twelve months after reporting date the carrying amount is a reasonable approximation of the fair value.

The fair value of liabilities expected to be settled after twelve months after the reporting amounts to €131 million as at 31 December 2015 (31 December 2014: €429 million).

27. OPERATING LEASES

The future rental commitments linked to operational lease contracts are as follows:

OPERATING LEASES AND RENTAL CONTRACTS (€ MILLION)

	2015	2014
Less than one year	16	22
Between one and five years	27	27
More than five years	227	258
	270	**307**

In 2015, €4.4 million is recognised as an expense in the Income Statement in respect of operating leases (2014*: €6.8 million). The income from subleases is €5.3 million in 2015 (2014*: €5.3 million).

Adjusted for comparison reasons

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28. CONTINGENCIES

Legal procedures

Achmea B.V. and companies forming part of Achmea are involved in lawsuits and arbitration proceedings. These proceedings relate to claims instituted by and against these companies arising from ordinary operations and mergers, including the activities carried out in their capacity as insurers, credit providers, service providers, employers, investors and tax payers. Although it is not possible to predict or define the outcome of pending or imminent legal proceedings, the Executive Board believes that it is unlikely that the outcome of the actions will have a material, negative impact on the financial position of Achmea B.V.

CONTINGENT LIABILITIES (€ MILLION)

	31 DECEMBER 2015	31 DECEMBER 2014*
Guarantees	144	241
Other commitments	80	341
As at 31 December	**224**	**582**

* *Adjusted for presentation and comparison purposes*

UNRECOGNIZED CONTRACTUAL COMMITMENTS (€ MILLION)

	31 DECEMBER 2015	31 DECEMBER 2014
Commitments related to investments	332	489
As at 31 December	**332**	**489**

The Netherlands-based insurance companies of Achmea provided the 'Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V'. with guarantees to a maximum of €66 million (2014: €87 million). Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V. is a company in which the participating insurance companies pool the claims and risks related to terrorism.

Achmea B.V. has provided Vereniging Achmea with an indemnity for amounts imposed by the Australian supervisor related to the activities of the Australian branch of Achmea Schadeverzekeringen N.V. in case the Australian supervisor will impose on Vereniging Achmea as a shareholder in one of the ultimate parents of Achmea Schadeverzekeringen N.V. additional obligations and responsibilities relating to these Australian activities. No material losses are expected in respect of this indemnity. Due to its nature, this indemnity is not to be quantified.

In addition, Achmea B.V. has provided Rabobank with an indemnity for amounts imposed by the Australian supervisor related to the activities of the Australian branch of Achmea Schadeverzekeringen N.V. in case the Australian supervisor will impose on Rabobank as a shareholder in one of the ultimate parents of Achmea Schadeverzekeringen N.V. additional obligations and responsibilities relating to these Australian activities. No material losses are expected in respect of this indemnity. Due to its nature, this indemnity is not to be quantified.

Contingencies related to shares subject to repurchase agreement

Pursuant to certain share repurchase agreements, several shareholders of Achmea B.V. have the right to sell their shares on market-based conditions during a certain timeframe to certain third parties which are not related to Achmea B.V. When an option is exercised, Achmea B.V. has the subsequent right to purchase these shares or to enter into a derivative transaction with the purchasing third party. Pursuant to this transaction Achmea B.V. will pay the purchaser an upfront premium equal to the settlement amount due by the purchaser to the selling shareholder under the related option. During the life of the derivative transaction, which has no fixed maturity, Achmea B.V. will receive all dividends distributed to the third party in return for a fixed fee. Upon unwinding of the derivative transaction, Achmea B.V. will receive from the purchaser the upfront premium paid plus part of the change in value of the Achmea B.V. shares held by the third party during the life of the derivative transaction.

NUMBER OF OUTSTANDING OPTIONS

	OUTSTANDING AS AT 31 DECEMBER 2015	OUTSTANDING AS AT 31 DECEMBER 2014
Schweizerische Mobiliar Holding AG	2,769,246	2,769,246
Gothaer Allgemeine Versicherung AG	1,849,108	1,849,108
Gothaer Finanz Holding AG	2,206,482	2,206,482
	6,824,836	**6,824,836**

The exercise price of the options is Achmea's share price as determined by the Achmea Valuation Model. The last full valuation was performed in 2012 and at that time Achmea's share price was determined at €15.56. After that indicative valuations have been performed, resulting in a price per share of approximately €13.

Contingent assets

Conflict between the Slovak Government and Achmea B.V.

In contradiction of an agreement to encourage investments between the Slovak Republic and The Netherlands, the Slovak government has enforced a ban on the distribution of profit on Slovak health insurers, including Achmea's Slovak subsidiary Union Zdravotná Poist'ovňa A.S., in the period between 2007 and August 2011.

Due to this enforcement Achmea temporarily ceased its operations in its Slovak subsidiary during this period.

Achmea sought compensation for the incurred loss and statutory interest paid through an international arbitration tribunal. In December 2012 the arbitration tribunal decided in favour of Achmea. Under this decision the Slovak Government is required to compensate Achmea for damages incurred and the statutory interest paid.The compensation amounted to approximately €25 million.

The Slovak Government has publicly stated that it will not pay the amounts awarded to Achmea and has submitted the arbitration verdict for annulment to a German Court. In the first court hearing, the annulment request of the Slovak Republic has been rejected. The Slovak Government has appealed against this judgment to the Bundes Gerichtshof in Karlsruhe. At this time, Achmea is awaiting the judgment of the Bundes Gerichtshof. Because of the continuing statutory interest, Achmea's claim now amounts to approximately €30 million. In view of the above, Achmea does not consider the receivable amount to be sufficiently certain to recognise it as an asset.

29. RELATED PARTY TRANSACTIONS

Identity of related party transactions

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions (e.g. subsidiary). Achmea has various types of ordinary transactions (particularly in the area of insurance, banking and asset management), in the normal course of business, with related companies and parties.

Achmea also considers its defined benefit pension plan (Stichting Pensioenfonds Achmea) as a related party. Members of the Executive and Supervisory Board and their close family members are also considered related parties to Achmea.

In addition, related party transactions comprise transactions with associates, joint ventures, key management personnel and close family members of related parties. The transactions with those parties are not considered material to Achmea, either individually or in the aggregate. A list of Achmea's principal subsidiaries is presented in Note 3, Interests in subsidiaries.

Achmea could enter into economic transactions with entities controlled by its Executive Board or Supervisory Board members or their close family members. There were no such transactions or related parties in 2015 and 2014.

Remuneration of the Executive Board

The members of the Executive Board are directors of Achmea B.V., holding key management positions at Group level.

The remuneration of the Executive Board is related to the content and responsibilities of their respective positions. The various positions are weighted on aspects such as impact and responsibilities of the position, complexity of the managerial context in which they operate and the necessary knowledge, experience and competencies.

Besides an annual (fixed) salary, the remuneration package of an Executive Board member includes elements of variable remuneration. The granting of awards of variable remuneration is subject to approval of the Remuneration Committee in the year after the performance. The granting of awards of variable remuneration in any specific year therefore applies to previous performance years. Part of the variable remuneration is deferred for five years. These awards of variable remuneration are included as part of the Long-term employee benefits. No awards of variable remuneration were granted over the performance years 2011 through 2014.. This was related to legislation, which defined the government-guaranteed loans raised by Achmea Hypotheekbank as state aid. This legislation included a prohibition on variable remuneration for the Executive Board of the holding Achmea B.V.

In addition to their salaries, the members of the Executive Board have a pension scheme. As of 1 January 2014, the conditions of the pension scheme for the board members have been aligned with the scheme for personnel residing under the collective labour agreement (CAO personnel). Until 1 January 2015, however, the scheme for the Executive Board members was executed by Centraal Beheer, resulting in a defined benefit obligation.

With effect from 1 January 2015 the pension scheme for the Executive Board members is executed by Stichting Pensioenfonds Achmea. Now both the conditions and the execution of the scheme are aligned with the scheme for CAO personnel. The rights accrued up to and including 31 December 2014 remain in the insured pension plan of Centraal Beheer. In addition to the accrual, the indexation on the rights accrued up to and including 31 December 2014 is also carried out by Stichting Pensioenfonds Achmea. Annually an amount is paid to Stichting Pensioenfonds Achmea to purchase indexation on the accrued rights.

On 1 January 2015 the tax rules for pension accrual in the Netherlands were changed significantly. Tax-supported pension accrual is now capped at a set amount (2015: €100,000).

Employees who accrued pension rights in excess of the capped amount before 1 January 2015 will be compensated for that accrual in an alternative way. This applies to all employees, both CAO personnel and Executive Board members.

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Below is an overview of the remuneration of the members of the Executive Board in 2015. This overview includes an aggregate comparison with 2014.

REMUNERATION OF THE MEMBERS OF THE EXECUTIVE BOARD

(€ MILLION)

	ANNUAL SALARY (SHORT-TERM EMPLOYEE BENEFITS)	VARIABLE REMUNERATION AWARDED (OTHER SHORT-TERM EMPLOYEE BENEFITS)	POST-EMPLOYMENT BENEFITS (LIMIT €100,000)*	CONTRIBUTION NET POST-EMPLOYMENT BENEFITS (OVER €100,000)*	WAGE BENEFIT (OVER €100,000)*	TOTAL
Active board members as at 31 December 2015:						
W.A.J. (Willem) van Duin, Chairman	0.98		0.04	0.22	0.22	1.46
R. (Roelof) Konterman, Vice-Chairman	0.80		0.05	0.17	0.15	1.17
H. (Huub) Arendse, CFO	0.74		0.05	0.16	0.14	1.09
R. (Robert) Otto (from 17 August 2015)	0.25		0.02	0.02	0.02	0.31
B.E.M. (Bianca) Tetteroo (from 15 June 2015)	0.38		0.02	0.03	0.04	0.47
H. (Henk) Timmer, CRO	0.71		0.04	0.14	0.13	1.02
Total remuneration active board members	**3.86**		**0.22**	**0.74**	**0.70**	**5.52**
Former board members in 2015						
D. (Danny) van der Eijk (until 15 June 2015)	0.34		0.02	0.08	0.07	0.51
J.A.S. (Jeroen) van Breda Vriesman (until 1 November 2015)	0.61		0.03	0.11	0.13	0.88
Total remuneration former board members in 2015	**0.95**		**0.05**	**0.19**	**0.20**	**1.39**
Total 2015	**4.81**		****0.27**	**0.93**	**0.90**	**6.91**
Total 2014	**4.46**		*****1.71**			**6.17**
Average number of active and former Executive Board members 2015: 6.1						
Average number of active and former Executive Board members 2014: 5.8						

* *The premium the employer pays to the collective scheme up to €100,000 and the employer contribution to the net post-employment benefits over €100,000 based on the age-related 3% DC scale and the so-called wage benefit over €100,000. See the notes to post-employment benefits below.*

** *This amount is excluding the supplement on the collective defined contribution Stichting Pensioenfonds Achmea charges and excluding the positive effect of €25 million accruing to Achmea B.V. as a result of the changed pension scheme for the Executive Board. See Note 22, Post-employment benefits for more information.*

*** *The Current Service Costs for the post-employment benefits not yet capped at €100,000 in 2014 were defined benefit in character. As explained below the costs of the post-employment benefits in 2015 and 2014 are not fully comparable.*

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Annual salary

The annual salary of the Executive Board is the fixed all-in salary on an annual basis including holiday allowance. In 2015 the salary was raised as collectively agreed, on 1 February 2015 by 1% and on 1 June 2015 by 0.25%.

Variable remuneration awarded

No variable remuneration was awarded for 2014. In 2014, a number of board members received the deferred part of the former variable remuneration package from 2010. This is explained in the Remuneration Report 2014. It is not yet clear if variable remuneration will be awarded to the Executive Board for 2015. If this is decided after 29 February 2016, it will be stated in the Remuneration Report 2015. In 2015, no variable remuneration from former years was paid out.

Post-employment benefits

The pension scheme applicable to CAO personnel and senior managers/directors also applies to the Executive Board. On 1 January 2015 the tax rules for pension accrual were changed significantly. Tax-supported pension accrual is now capped at a set amount (2015: €100,000).

Alternative for post-employment benefits over €100,000

For employees with an income over €100,000 arrangements have been made (in the CAO) for alternative pension accrual. This also applies to the Executive Board. It was arranged that the contribution of the employer before 1 January 2015 for pension accruals over €100,000 would be deployed for that pension accrual in an alternative way, without affecting costs. In practice the employer contribution is converted into a contribution to the net post-employment benefits and the remainder is made available as a wage benefit.

Contribution net post-employment benefits over €100,000

Part of the employer contribution is made available as contribution for participation in a so-called net pension scheme. The employer offers the opportunity to participate in the Centraal Beheer net pension scheme.

Wage benefit over €100,000

With the pension scheme of Achmea the interest risk related to future pension accrual lies with the employer. When changing to a CDC scheme in 2014 Achmea decided not to buy off the risk with a lump sum. The amount of the employer contribution is determined annually based on certain rules. An important parameter is the interest rate at 31 December. The employer contribution is determined as applicable for an uncapped pension scheme. The current scheme is capped as of 1 January 2015. The employer contribution payable for wages in excess of the fiscal cap is contributed to the net pension scheme and the remainder is paid as a wage benefit to employees with income exceeding the fiscal cap, in the form of a fixed gross wage benefit. The amount is determined annually based on the interest rate at year-end.

The significant changes to the pension system make the comparison between 2015 and 2014 difficult. In 2014 a comparison could be made based on the (individual) pension costs and the so-called Service Costs, as in previous years. From 2015 the contribution is stated as pension premium actually paid, respectively employer contribution.

Termination benefits

In 2015 two members retired from the Executive Board. An expense of €1.8 million is recorded relating to their termination. This expense is determined in accordance with the Financial Undertakings (Remuneration Policy) Act effective as of 7 February 2015, part of the Financial Supervision Act.

Claw back

In 2015, there were no adjustments or claw back of remuneration from former years with regard to members of the Executive Board, nor were there any in 2014.

Loans

Members of the Executive Board have loans outstanding with the banking operations of Achmea. The loans amount to €2 million (2014: €3 million). The weighted interest rate of these loans is 5.4% (2014: 4.5%). The loans are presented as part of the Banking credit portfolio and Receivables and accruals.

Including the termination benefits of €1.8 million charged to the result in 2015, the total remuneration of the Executive Board amounts to €8.7 million (2014: €6.2 million).

Remuneration of supervisory board members

The table below gives an overview of the remuneration received by the Supervisory Board members of Achmea B.V. for their supervision in 2015.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD PER YEAR (€ MILLION)

	2015*
Supervisory Board members as at 31 December 2015:	
E.A.J. van de Merwe (Chairman)	0.24
A.J.A.M. Vermeer (Vice-Chairman)	0.12
A.W. Veenman	0.13
R.Th Wijmenga	0.13
A.C.W. Sneller	0.11
S.T. van Lonkhuijzen-Hoekstra	0.09
P.H.M. Hofsté	0.15
M. Lückerath-Rovers	0.10
Subtotal	**1.07**
Former Supervisory Board members as at 31 December 2015:	
P.F.M. Overmars (until 26 march 2015)	0.03
Subtotal	**0.03**
Total	**1.10**

* *Excluding VAT and expenses, including remunerations for committee memberships and supervisory board memberships at group companies.*

On 1 January 2015 Ms. Hofsté and Mr. Wijmenga joined the Supervisory Board of Achmea B.V. as members. They are both also members of the Audit & Risk Committee. As of 29 January 2015 Mr. Vermeer was appointed Vice-Chairman of the Supervisory Board.

The total remuneration of the Supervisory Board amounted to €1.1 million in 2015 (2014: €0.8 million of which €0.7 million related to remuneration for committee memberships and the Supervisory Board membership at Achmea B.V.).

Rabobank

For its operations, Achmea uses various regular banking services of the Rabobank Group. All services and transactions with Rabobank are in an orderly transaction and based on regular market rates.

Distribution channel

Local Rabobanks offices are a major distribution channel for Achmea's Dutch insurance products. Achmea has paid commissions of €228 million to local Rabobank offices during 2015 (2014: €229 million) for insurance policies sold through them. Affiliated members ('aangesloten leden') of the Rabobank are granted a 10% discount on the basic health insurance premiums and a discount between 10% and 25% for premiums for the supplementary health insurance.

Facility services

Achmea in The Netherlands obtains among others ICT services from Rabobank Group. For these services Achmea paid fees in 2015 amounting to €6.4 million (2014: €6.4 million).

Insurance services delivered to Rabobank

Rabobank has insured several risks with Achmea, including a group Health insurance contract with Zilveren Kruis. The premiums relating to this insurance coverage for 2015 are €66 million (2014: €73 million).

Investment transactions

In 2014 Achmea bought mortgage loans amounting to €1,093 million from the Rabobank. The purchase price, based on the fair value of the mortgage loans at transaction date, was settled in cash in 2014.

Balances and Commitments as of 31 December 2015 with Rabobank Group

Balances with Rabobank Group comprise commodity notes (Note 10), savings accounts that are backing liabilities for policyholders (Note 11) and a credit facility that is reported as Loans and borrowings (Note 25).

Stichting Pensioenfonds Achmea

The pension plan for Dutch employees is executed by Stichting Pensioenfonds Achmea (Achmea Pension fund Foundation). For most of the employees in the Netherlands, the pension scheme entails a defined contribution plan. In 2015, contributions made by Achmea relating to this defined contribution plan amounted to €286 million (2014: €222 million). For more information regarding the pension schemes executed by Stichting Pensioenfonds Achmea, reference is made to Note 22 Post-employment benefits.

Stichting Achmea Foundation

Achmea has committed to an indefinite obligation to apply 0.5% of its net profit to fund Stichting Achmea Foundation (Achmea Foundation). Contributions on the profit of 2014, made by Achmea in 2015 amounted to €80,000 (2014: €1.72 million). Achmea Foundation employs these funds to finance projects around the world for sustainable improvement of economic and/or social environment of groups where help is needed in society. Achmea makes personnel and office space available to the Achmea Foundation free of charge.

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30. GROSS WRITTEN PREMIUMS NON-LIFE

(€ MILLION)

	2015	2014
Accident	705	685
Motor liability	639	667
Motor other	726	740
Transport/aviation	64	61
Property	1,101	1,082
General liability	259	260
Legal assistance	184	188
Other	6	5
	3,684	**3,688**

31. GROSS WRITTEN PREMIUMS HEALTH

(€ MILLION)

	2015	2014
Basic health insurance	4,610	4,551
Contribution from Health insurance fund	7,568	7,330
Supplementary health insurance	1,310	1,359
Other health insurance	384	365
	13,872	**13,605**

32. GROSS WRITTEN PREMIUMS LIFE

GROSS WRITTEN PREMIUMS LIFE

(€ MILLION)

	SINGLE PREMIUM	ANNUAL PREMIUM	TOTAL 2015	TOTAL 2014
Individual Life insurance				
Policies own risk	289	710	999	996
Policies where policyholder bears investment risks	51	518	569	679
	340	**1,228**	**1,568**	**1,675**
Group Life insurance				
Policies own risk	86	446	532	603
Policies where policyholder bears investment risks	96	170	266	431
	182	**616**	**798**	**1,034**
	522	**1,844**	**2,366**	**2,709**

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33. INCOME FROM ASSOCIATES AND JOINT VENTURES

In 2015, no dividends were received related to the interest in Garanti Emeklilik ve Hayat A.S. (2014: nil) and Sprint Invest B.V. (2014: nil).

(€ MILLION)

	2015	2014
Garanti Emeklilik ve Hayat A.S.	7	6
Other	–1	–3
	6	**3**

34. INVESTMENT INCOME

INCOME FROM INVESTMENTS BASED ON THE CLASSIFICATION OF INVESTMENTS

(€ MILLION)

	2015	2014
Investment property	75	81
'Available for sale'	696	744
'At fair value through profit or loss'	175	133
'Loans and receivables'	116	128
	1,062	**1,086**
Investment expenses	–39	–21
Direct operating expenses investment property	–23	–27
	1,000	**1,038**

INCOME FROM INVESTMENTS BASED ON THE NATURE OF INVESTMENTS

(€ MILLION)

	2015	2014
Investment property	75	81
Direct income from investments:		
Equities and similar investments	69	56
Fixed income investments	777	880
Derivatives	108	63
Other financial investments	33	6
	1,062	**1,086**

INCOME FROM INVESTMENTS BASED ON THE NATURE OF THE INCOME

(€ MILLION)

	2015	2014
Interest:		
'Available for sale'	627	688
'At fair value through profit or loss'	175	133
'Loans and receivables'	116	128
Rental income	75	81
Dividends	69	56
	1,062	**1,086**

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35. REALISED AND UNREALISED GAINS AND LOSSES

(€ MILLION)

	2015	2014
Realised and unrealised gains and losses on financial assets:		
Investment property	–4	–32
Investments 'Available for sale'	445	740
Investments 'At fair value through profit or loss'	172	2,786
Impairment losses on investments	–29	–24
Foreign currency differences	325	311
	909	**3,781**
Realised and unrealised gains and losses on financial liabilities:		
Derivatives		–1
Foreign currency differences	–4	–1
	905	**3,779**

* *Realised and unrealised gains and losses arising from Investment property is divided in Residential €23 million (2014: €19 million), Offices €-26 million (2014: €-2 million), Retail €-2 million (2014: €16 million) and Other €2 million (2014: €2 million).*

The decrease of the realised gains and losses of financial assets classified as ‘At fair value through profit or loss’ is mainly due to a decrease of the interest rate and therefore the increase of value of derivatives and bonds. Realised and unrealised gains and losses arising from financial assets designated at initial recognition as ‘At fair value through profit or loss’ amounted to €780 million (2014: €402 million). Realised and unrealised gains and losses arising from financial assets and financial liabilities, which are attributable to banking operations are presented under Banking income (Note 37).

Impairment losses on investments related to investments classified as ‘Available for sale’ amounted to €29 million (2014: €24 million). In 2015, there were no impairment losses on investments related to investments classified as ‘Loans and receivables’ (2014: nil).

A total of €354 million (2014: €2,395million) of the unrealised results from fair value changes is related to investments which are measured using a valuation technique. These are mainly related to investment property, unlisted derivatives and equities.

36. INCOME FROM INVESTMENTS BACKING LINKED LIABILITIES

(€ MILLION)

	2015	2014
Direct income from:		
Investment property	17	16
Equities and similar investments	43	72
Bonds and other fixed-income investments	34	39
Derivatives		−36
Cash and other financial investments	289	303
	383	**394**
Realised and unrealised gains and losses:		
Investment property	34	49
Equities and similar investments	228	893
Bonds and other fixed-income investments	−56	105
Derivatives	5	93
Cash and other financial investments	131	507
	342	**1,647**
Net foreign currency differences	2	6
Investment expenses	−6	−3
	721	**2,044**

Realised and unrealised gains and losses arising from financial assets designated at initial recognition as 'At fair value through profit or loss' amounted to €303 million (2014: €1,505 million).

Direct income from Cash and other financial investments includes interest income related to savings accounts.

37. BANKING INCOME

(€ MILLION)

	2015	2014
Interest income	554	634
Realised and unrealised gains and losses	−1	5
Commission income	16	15
Fee Income from trust and other fiduciary activities	3	4
	572	**658**

38. FEE AND COMMISION INCOME, AND INCOME FROM SERVICE CONTRACTS

(€ MILLION)

	2015	2014
Fee income from trust and other fiduciary activities	318	345
Income from service contracts	79	86
	397	**431**

39. OTHER INCOME

(€ MILLION)

	2015	2014
Net foreign currency differences	4	1
Other income	94	85
	98	**86**

40. CLAIMS AND MOVEMENTS IN INSURANCE LIABILITIES

(€ MILLION)

	2015 GROSS	2015 REINSURANCE	2014 GROSS	2014 REINSURANCE
Non Life				
Claims paid	2,540	62	2,452	91
Changes in insurance liabilities	142	97	51	–5
Claim handling expenses	229		233	
Recoveries	–178		–165	
	2,733	**159**	**2,571**	**86**
Health				
Claims paid	12,886	410	12,698	864
Changes in insurance liabilities	1	–496	–313	–795
Claim handling expenses	144		151	
Recoveries	–29		–26	
	13,002	**–86**	**12,510**	**69**
Life				
Benefits Paid	3,851	209	7,410	192
Changes in insurance liabilities	167	–129	143	544
	4,018	**80**	**7,553**	**736**
Total claims and movements in insurance liabilities	**19,753**	**153**	**22,634**	**891**

41. PROFIT SHARING AND BONUSES FOR POLICYHOLDERS

(€ MILLION)

	2015	2014
Amortisation interest surplus rebates	9	8
Profit sharing	647	3,170
Benefits policyholders	–12	213
	644	**3,391**

The decrease of Profit sharing for policyholders compared to 2014 is primarily the result of a decrease of unrealised gains of interest rate derivatives due to interest rates developments.

42. FAIR VALUE CHANGES AND BENEFITS CREDITED TO INVESTMENT CONTRACTS

(€ MILLION)

	2015	2014
Fair value changes credited to investment contracts	119	160
Other benefits credited to investment contracts		–1
	119	**159**

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43. OPERATING EXPENSES

(€ MILLION)

	2015	2014
Salaries	941	1,007
Social security charges	81	98
Pensions	255	207
Other	466	709
Staff costs	**1,743**	**2,021**
Depreciation Property for own use and equipment	47	62
General expenses	651	724
Gross operating expenses	**2,441**	**2,807**
Commissions paid and accrued	665	647
Reinsurance profit sharing and commission	–52	–53
	3,054	**3,401**
Less: Allocated Claims handling expenses	413	420
Less: Allocated Investment expenses	8	6
	2,633	**2,975**

The number of employees mentioned above only includes employees with which Achmea has an employment contract. Employees with temporary contracts and external employees are not included. A FTE is based on a labour week of 38 hours.

NUMBER OF EMPLOYEES (AT THE END OF THE YEAR, BASED ON FTE)

ACHMEA NETHERLANDS	EUREKO SIGORTA	UNION POISTOVNA	INTERAMERICAN GREECE	FRIENDS FIRST	OTHER	**TOTAL 2015**	TOTAL 2014
12,893	581	519	1,124	251	44	**15,412**	16,556

Included in General expenses are expenses related to the audit firm performing the audit of the annual accounts of Achmea B.V. and its subsidiaries which are summarised in the table below.

EXPENSES RELATED TO THE AUDIT:

(€ MILLION)

	2015	2014
Audit annual accounts	7	6
Other audit services	1	2
Other services		
	8	**8**

As from 2011 PricewaterhouseCoopers Accountants N.V. is appointed as independent auditor of Achmea.

The amounts included in the table under ‘Audit annual accounts’ are based on expenses related to the audit of the financial statements of the related financial year, whether or not the services by the independent auditor and the audit firm have already been provided during that financial year. The expenses include VAT.

Expenses related to audit firms other than PricewaterhouseCoopers Accountants N.V. are as follows: audit related services €1 million (2014: €2 million), other services €11 million (2014: €10 million) mainly relating to advisory and consulting services.

44. BANKING EXPENSES

(€ MILLION)

	2015	2014
Interest expenses	398	442
Other fee and commission expenses	1	1
Other banking expenses	2	49
	401	**492**

Staff costs and other operating expenses related to banking activities are included in Operating expenses (Note 43).

45. OTHER EXPENSES

(€ MILLION)

	2015	2014
Amortisation charges on intangible assets	100	122
Impairment losses on intangible assets		144
Impairment losses on receivables	20	44
Other expenses	32	10
	152	**320**

46. INCOME TAX EXPENSES

RECONCILIATION OF EFFECTIVE TAX AMOUNT (€ MILLION)

	2015	2014
Profit before tax	378	–8
Domestic corporation tax rate	25.0%	25.0%
Income tax using the domestic corporation tax rate	95	–2
Effect of tax rates in foreign jurisdictions	–4	
Tax effect on:		
Non-deductible expenses	2	36
Tax exempt revenues	–69	–90
Participation exemption	–15	–4
Non-deductible losses	2	35
Tax losses utilised	–1	–2
Other	–14	–4
Under/(over) provided in prior years	–4	7
Effective tax amount	**–8**	**–24**

The effective tax rate in 2015 amounts to -2.2% (2014: 291.7%).

INCOME TAX EXPENSES (€ MILLION)

	2015	2014
Current tax expense		
Current year	284	120
Under/(over) provided in prior years	–4	7
	280	**127**
Deferred tax expense		
Origination and reversal of timing differences	–288	–151
Total income tax expense in Income Statement	**–8**	**–24**

47. NET OTHER COMPREHENSIVE INCOME

(€ MILLION)

	2015			2014		
	OTHER COMPREHENSIVE INCOME BEFORE TAX	INCOME TAX EXPENSE	NET OTHER COMPREHENSIVE INCOME	OTHER COMPREHENSIVE INCOME BEFORE TAX	INCOME TAX EXPENSE	NET OTHER COMPREHENSIVE INCOME
Remeasurements of net defined benefit liability	5	4	9	–38	1	–37
Unrealised gains and losses on property for own use	13		13			
Currency translation differences on intangible assets, associates and joint ventures	–51		–51	33		33
Unrealised gains and losses on available for sale investments	–138	24	–114	2,549	–632	1,917
Share in other comprehensive income of associates and joint ventures	3		3	–6		–6
Transfer from Provision for profit sharing and bonuses for policyholders	111	–28	83	–2,058	514	–1,544
Gains and losses on available for sale investments reclassified to the Income Statement on disposal	–276	61	–215	–118	25	–93
Impairment charges on available for sale investments reclassified to the Income Statement	28	–6	22	23	–5	18
Total other comprehensive income for the period	**–305**	**55**	**–250**	**385**	**–97**	**288**

48. EARNINGS PER SHARE

NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

(€ MILLION)

	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL 2015	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL 2014
Net profit	386		386	16		16
Dividends on non-redeemable cumulative preference shares	–20		–20	–26		–26
Coupon payments on other equity instruments	–54		–54	–55		–55
Tax on coupon payments on other equity instruments	14		14	14		14
Net profit attributable to ordinary shareholders	**326**		**326**	**–51**		**–51**

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

	2015	2014
Issued ordinary shares at 1 January	400,484,892	400,484,892
Weighted average number of ordinary shares	**400,484,892**	**400,484,892**

Earnings per share are calculated as the quotient of Net profit attributable to ordinary shareholders and the weighted average number of ordinary shares.

EARNINGS PER SHARE

	2015	2014
Earnings per share continuing operations	0.81	–0.13
Earnings per share discontinued operations		
Basic earnings per share	**0.81**	**–0.13**

The diluted earnings per share equal the earnings per share from continuing operations.

49. RISK MANAGEMENT

Achmea has established a risk management framework which contributes effectively to the achievement of our strategy and business objectives.

In the next section we give a description of the main elements of our risk management framework. Next, in several sections we outline Achmea's approach to risk management for the following risk types:

- Insurance risk
- Market risk
- Counterparty default risk
- Liquidity risk
- Operational risk
- Compliance risk

For each risk category a description is given of the risk profile, risk response and a sensitivity analysis when relevant. We refer to the Strategy section of the annual report for more information on Achmea's strategic risks.

RISK MANAGEMENT FRAMEWORK

Achmea's risk strategy serves as the basis for the risk management framework. This strategy is assessed and re-approved annually by the Supervisory Board. This risk strategy contains principles for (1) risk appetite, (2) risk culture and (3) risk governance.

This risk strategy is further detailed in, and part of, our risk management framework (Integrated Risk Management Framework, IRMF). The IRMF consists of seven components, which ensure a consistent, effective and efficient risk management process.

Risk management process

The risk management process is forward-looking and integrated in the organisational structure and in the decision-making processes of each business units, including financial management decisions. Achmea assesses both the various types of risks and the risks of various business units and how these risks interrelate.

The risk management process is applied both on an individual level per risk and at aggregated risk level. Below we describe the main features of the risk management process, in which the aggregated level is emphasised.

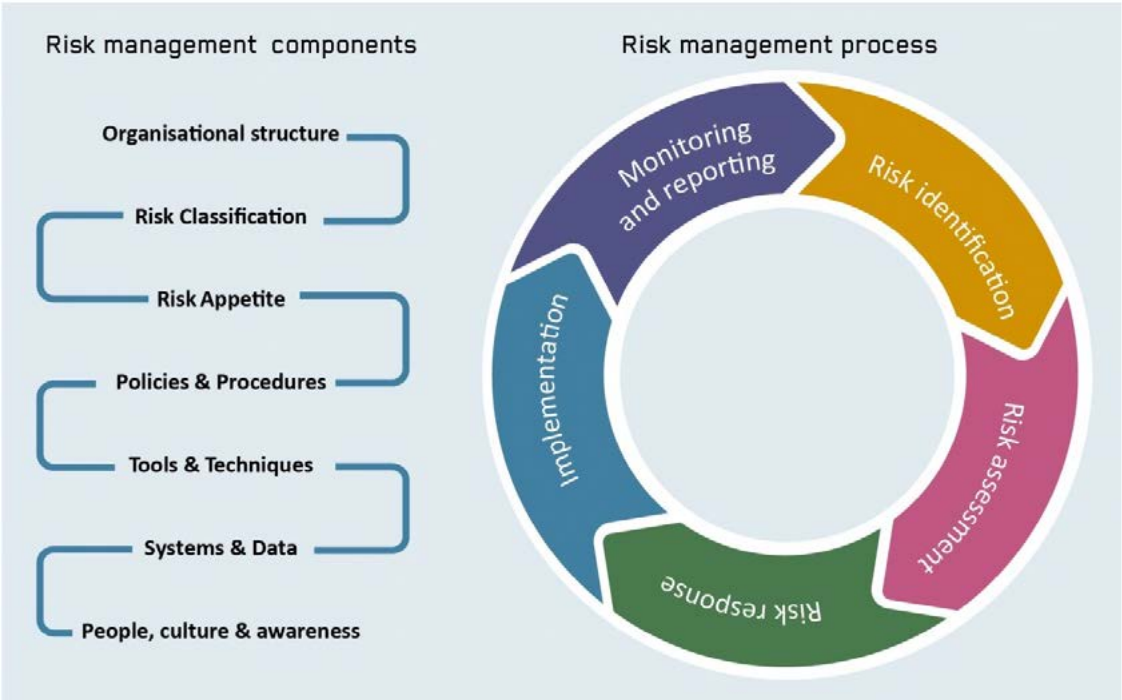
The subsequent sections detail the risk management process for the individual risk types.

Risk identification and risk assessment

Several risk assessments are carried out throughout the year making use of quantitative and qualitative methods and techniques:

- Qualitative risk self-assessments which focus on areas such as strategy, projects and operational risks. This includes, among others, the qualitative Strategic Risk Assessment with management and the Executive Board, in which potential strategic risks are identified and assessed.

RISK MANAGEMENT FRAMEWORK



- Achmea uses risk models to make a quantitative estimate of our risk profile. Risks are determined using the Solvency II standard formula or internal models. Risk models are used in Asset & Liability Management (ALM), reinsurance strategy, pricing, performance management and capital management.
- Finally, scenarios and stress tests provide insight into what happens under extreme circumstances or when several factors occur combined. These scenario and stress tests are used as part of the periodic monitoring of the risk profile, and more specifically they are used to analyse in greater depth the main risks as listed in the ORSA report and the Recovery Plan.

The various assessments mentioned are complementary to each other. A single Integrated Risk Analysis Report combines the main results of the different risk assessments which results in a single view of our risk profile including an overview of our main risks which have been identified.

Risk response

Based on the risk assessments, we determine if and what risk response is required. These assessments are, amongst others, used as input for periodic capital and risk monitoring, pricing and business planning. Decisions are based on an appropriate balance between risk and return considerations, and, where necessary, measures are taken to ensure that the risk profile maintains within the limits set.

The profitability by product group is assessed with economic metrics in which a return is assessed with respect to the related risks. For new products also a profit test based on economic results is carried out.

Monitoring and reporting

Achmea's risk profile is monitored as follows:

- For the main risk types, line management periodically verifies whether the risk is still within the risk limits set which are derived from the risk appetite.
- An Internal Control Framework is used to systematically monitor key risks and key controls throughout the organisation. Cross-references are included in the framework to information security, Solvency II, the Achmea Customers Centricity program, the quality seal 'Customer oriented Insurance' (KKV) and the In Control Statement (ICS) that is issued internally as an important component of the internal risk management and internal control systems. An Internal Control Statement (ICS) is issued annually, which provides a qualitative description of risks and internal control and is linked to the Risk Report.
- Line management monitors the performance of actions arising from the risk self-assessments.
- Compliance receives a lot of attention within and outside Achmea. It is intrinsically important to comply with relevant laws, regulations, rules, organisational standards and codes of conduct. Achmea wants to provide for customers' their justified customer needs and in this way contribute to customer trust. Continuous monitoring of compliance themes is an important instrument in providing assurance that compliance with legal provisions is guaranteed.

Periodical reports are prepared for the Executive Board, Audit & Risk Committee and Supervisory Board:

- Quarterly, a Risk Report is prepared in which developments in the business units that could affect the risk profile are reported, together with the monitoring results of the main risks, risk limits, internal control and findings from the actuarial proceedings. This further enhances the integrated view on our risk profile and helps to prioritise management actions.
- Complementary, a Compliance Report is drafted twice a year, which contains details on the specific compliance findings.
- The internal audit function reports on the basis of audit reports and the annual audit memorandum.

Next to the periodic monitoring of our risk profile, the Own Risk and Solvency Assessment (ORSA) is prepared annually. The ORSA provides insight into and an assessment of the current and future risk profile as well as the development of solvency and liquidity during the planning period, both under regular and stressed circumstances.

Achmea's Recovery Plan contains information on the degree to which Achmea as Group is prepared for, and can recover from, severe (financial) developments which lead to a financial crisis situation. The Recovery Plan is updated annually.

Risk appetite

The strategic principles with respect to risk appetite and the resulting Risk Appetite Statements at Group level are assessed on an annual basis and refined where necessary. There was no significant change in the risk appetite in 2015. Risk appetite refers to the attitude towards risk and are an indication of not only the willingness to accept, but also the ability to take risks. The figure below shows our strategic principles with respect to the risk appetite, financial and non-financial.

These principles and the Risk Appetite Statements are operationalised through Key Risk Indicators, risk tolerances and risk limits. Risk tolerances are restrictions that give a clear direction to management of the risk levels Achmea is willing to be exposed to. Risk limits are used in daily business practices to indicate how much risk we are willing to take

Financial Principles for the Risk Appetite

1 Capital

Achmea has a solid capital position, calculated on the basis of the Partial Internal Model for internal steering.

2 Liquidity

Achmea's current and future liquidity position is sufficient to meet its obligations.

3 Result and volatility

Achmea realises a sustainable result that ensures a continuous access to the capital market. Extreme fluctuations in the economic result are avoided.

4 Risk Policy

Achmea knows as insurer its financial risks and pursues an adequate financial risk policy that aims to avoid undesired risk concentrations. Achmea utilises a main share of its risk capital for insurance risk.

Non Financial Principles for the Risk Appetite

5 Product quality and services

Achmea offers a secure and transparent solution to clients that continuously meets the clients' needs, at a fair price.

6 Operational risk / Internal control

Achmea monitors the risks due to insufficient or failing internal processes or personnel and systems or external events.

7 Compliance

Achmea complies with laws and regulations. Employees, clients, suppliers and other partners of Achmea operate with integrity.

8 Corporate social responsibility

Achmea realises its corporate objectives in a socially responsible manner and aims at providing a demonstrable social added value through its insurance and investment activities. Furthermore Achmea remains relevant on this topic by reacting adequately to social developments.

Risk culture

The Achmea Executive Board and management encourage an open culture in which risks can be openly discussed and where the decision making is based on an appropriate balance between risk, capital and expected return.

The Executive Board, line management and employees receive regular training and follow permanent education courses to help them understand and carry out their risk management responsibilities, such as on training on ethics, fraud awareness and information security. Risk classification, policy in the area of risk management and mitigating techniques are likewise covered in training sessions.

The law contains a number of requirements for employees in organisations who are specifically involved in taking and managing risks (key functions). A separate procedure has been established for this purpose, which ensures compliance with the fit and proper requirements.

Achmea pursues a governed Remuneration Policy, whereby perverse incentives are prevented through the use of risk adjusted targets. The Remuneration Policy complies with all relevant regulations (Dutch Central Bank, Netherlands Authority for the Financial Markets [AFM] and the Dutch Insurers' Code).

Risk governance

For its risk governance, Achmea uses the three lines of defence model, which is a standard model well known in the market. The use of these lines of defence enhances risk management, whereby the third line has an independent testing and judging role.

Achmea has Risk Committees both at Group level and within the business units.

At Group level, the Supervisory Board supervises the Executive Board. The Audit & Risk Committee advises the Supervisory Board on financial, administrative and organisational compliance matters, as well as on the risk profile and risk management. The presence of a Chief Risk Officer (CRO) on the Executive Board helps ensure a permanent focus on risk management in our business operations.

THREE LINES OF DEFENCE

1 First line	2 Second line	3 Third line
Execution and control • Executive Board and Finance & Risk Committee on group level • Business management and Finance & Risk Committees on business level	**Support, monitorting and reporting** • The staff department Risk Management covers the risk management and the actuarial function on group level • The staff department Compliance covers the compliance function on group level • Complementary second line departments are present in the business units such as the Operational Risk & Compliance departments within the Dutch business units	**Testing and judgement** • The staff department Internal Audit, operating on both group and business unit level

GROUP COMMITTEES

Finance & Risk Committee FRC	Model Approval Committee MGC	Information Risk & Security Board
• CFO (Chair), CRO and one other member of the Executive Board • Group: Risk Management, Finance, Asset Management and Corporate Finance • Business units: product divisions, Achmea Reinsurance Company, Syntrus Achmea Asset Management and Achmea Bank	• Risk Management (Chair), Model owners, Model designers, Model clients, Model validators • The representation of the Directors Finance & Risk of the business units to ensure a good understanding and acceptance of the risk models	• Chief Risk Officer (CRO) (Chair) • Group Information Security Officer • Director IM&IT • Directors Finance & Risk of CDV, product divisions, Centraal Beheer and Interpolis

The Finance & Risk Committee (FRC) is an executive committee of the Executive Board. It serves as a platform for the Executive Board and for management of (financial and risk) staff and finance directors of several business units to discuss and decide on the issues related to finance, risk management, actuarial issues and compliance at Group level. The FRC has established two subcommittees: the Model Approval Committee (MAC), with delegated responsibility for approving risk models, and the Information Risk & Security Board (IRSB), which focuses in particular on managing information risk.

In addition, a Product Advisory Committee (PAC) has been established at Group level, which has an advisory role in key product development.

Aligned with the FRC at the Group level, there are committees within the business units that discuss and manage risks within the organisation. In relation to the banking activities, there are several committees that have specific risk management responsibilities, including the Asset & Liability Committee, Credit Committee and Pricing Committee.

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A INSURANCE RISK

Insurance risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from inadequate pricing and provisioning assumptions and encompasses life risk, non-life risk and health risk. Catastrophe risk and concentration risk, if present, are included separately in the risk types mentioned.

Achmea is exposed to life risk, non-life risk and health risk as a result of its broad insurance product range.

The Insurance Risk Policy describes how insurance risks are managed, our 'risk response'. A key ingredient is the Product Life Cycle (PLC) approach. This is described first. Subsequent sections cover each insurance risk type, providing more detail on the risk profile, the risk response and sensitivities.

Product Life Cycle Approach (PLC)

The Product Life Cycle (PLC) approach is used in order to set down details of the management of insurance risk. This cycle encompasses various phases:

- Business planning
- Product development
- Underwriting
- Reinsurance
- Policy management
- Claim process and reserving
- Assessment of assumptions
- Reporting & Analysis
- Product Review & Portfolio Analysis

For the introduction of new insurance products, Achmea has formulated a Product Approval and Review Policy. In the product development process the target group and their needs are used to determine the coverage, the conditions, the price and the underwriting criteria. These are used to calculate the anticipated insurance cost which establishes the risk premiums. For the financial expectations and to quantify the risks, a profit test is performed.

The type of reinsurance used within Achmea is mainly on an excess-of-loss basis. Risks that exceed the treaty limit are covered on a facultative basis. Achmea uses a multi-layered reinsurance structure, focusing on Group-wide retention levels aiming at reducing overall costs by leveraging increased risk-carrying capacity and combined purchasing power. Within Achmea all purchased reinsurance of the Dutch entities is managed by Achmea Reinsurance Company N.V. (hereinafter Achmea Reinsurance). Achmea Reinsurance retains some of this risk and places the risk that exceeds the retention levels on the reinsurance market. The non-Dutch operating companies (hereinafter OpCos) operate their own reinsurance programme. Achmea Reinsurance participates as a reinsurer in most programmes of the OpCos.

The Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V. (NHT) covers all claims on Dutch policies related to terrorism attacks of up to €1 billion. Achmea in the Netherlands pays annual premiums to the NHT and guarantees an amount of €66 million in the total capacity of the group. Terrorism claims above this maximum are excluded in Achmea's Dutch policies. Within Non-life, catastrophe risk is the largest risk. This risk is quantified annually using mostly externally developed catastrophe models. For Life and Disability, pandemic applies as catastrophe risk. This risk is not specifically reinsured, but is evaluated every three years to assess whether additional reinsurance is needed.

Achmea has an active policy to settle claims. In general, as soon as reasonably possible, an arrangement is made with the claimant, so that the risk of further growth of claims is mitigated. For each claim a provision is made where the objective is that the average run-off result is positive. The Insurance liabilities are tested at least twice a year for adequacy, and more often if deemed necessary.

Assumptions are used in pricing, product development and the liability adequacy test. On an annual basis an assumptions study is carried out where each assumption is evaluated. The study is based on both our own history, portfolio data in line with the strategy of the Business Plan phase, and on the external publications from, for example, the Association of Insurers, 'Zorginstituut Nederland' and 'Zorgverzekeraars Nederland', the 'Actuarieel Genootschap' and the 'Uitvoeringsinstituut werknemersverzekeringen'.

Other important phases in the management of insurance risk are the business plan process, underwriting process, policy management and reporting and analyses:

- The business plan sets out the plans for developing the portfolio over the next three years.
- The underwriting process consists of assessing, accepting (under possible conditions) and pricing individual risks within existing product ranges.
- Policy management deals with the administration of individual policies as well as portfolios.
- Finally, all aspects are subject to a periodic analysis, review and reporting.

Life Risk

LIFE PORTFOLIO ANALYSES

(€ MILLION)

	2015		2014	
	INSURANCE LIABILITIES	%	INSURANCE LIABILITIES	%
Insurance with profit participation	18,287	38%	17,336	35%
Other life Insurance	13,814	29%	15,182	31%
Where the policyholders bear investment risks (unit-linked)	16,240	33%	17,014	34%
	48,341	**100%**	**49,532**	**100%**

Life risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from:

- the changes in the level, trend or volatility of the underlying risk drivers (mortality rates, expenses, lapse rates).
- the significant uncertainty of pricing and provisioning assumptions related to extreme or irregular events.

It encompasses mortality, longevity, lapse and expense risk.

Risk profile

The Netherlands is the main market where Achmea is exposed to life risk. In the Netherlands Achmea is closed to new business except for the pension business and life insurance products. Ireland (Friends First), Greece (Interamerican) and Slovakia (Union) are the Life markets outside the Netherlands where Achmea operates.

Life insurance with profit participation are traditional life products with profit participations, like saving products, Group contracts and unit-linked insurance contracts with guarantees. These products create an exposure to market risk and to mortality / longevity risk for Achmea.

Other Life insurance consists of traditional products without profit participation like term insurance, both stand-alone and linked to mortgages (mortality risk) and annuities (longevity risk).

In Index-linked and unit-linked insurance investment risks are taken by the policyholder. For unit-linked insurance, mass lapse is an important risk for Achmea, as it contains significant embedded value. Lapse risk premiums for new business are annually updated (based on country rates adjusted for Achmea-specific factors per product class). Other mitigating measures are retention plans and alternative product offers.

Longevity and lapse risk are predominant within Achmea's life risk. For Life, concentration risks are an unexpected increase of the life expectation and a pandemic where the latter is also being referred to as a catastrophe risk. As longevity risk is predominant in Life risk, this exposure is closely monitored. As mentioned before, a pandemic is not reinsured, but is evaluated every three years to assess whether reinsurance is needed.

Risk response

For new business, premiums are updated annually (based on country specific mortality tables adjusted with Achmea-specific factors).

For life insurance acceptance, medical examinations are required. Tariffs are differentiated by risk category (smoking / non-smoking). For individual contracts in the Netherlands there is an 'en bloc' clause which allows the insurer to increase the premium in extreme cases. With this instrument, the consequences of adverse mortality and expenses can be mitigated. This would only be applied in exceptional circumstances.

The Insurance liability for Life is tested each quarter for adequacy. The development of the liability adequacy test for Life (both group and individual) is monitored monthly at current market rates. In carrying out this test, use is made of estimates of future contractual cash flows, based on current assumptions regarding mortality, morbidity, policyholder behaviour (surrender), future distribution and management costs and, where relevant, results from investments covering these provisions. The mortality tables used in the Netherlands and Ireland take into account the longevity risk because a margin for mortality improvement is included. Elsewhere, to ensure adequacy, standard mortality tables are adjusted in various ways, such as age adjustments. The resulting best estimate cash flows are discounted using the risk-free interest rate curve with volatility adjustment, as published by EIOPA.

Reinsurance is used to limit catastrophe risk assumed on individual lives or groups of lives. Achmea, Friends First

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and Interamerican Greece were all protected by reinsurance for large sums. The reinsurance covers of the Dutch portfolios are integrated into one programme with a high deductible. A part of the Achmea portfolio is reinsured on a reciprocal basis by external reinsurers to reduce the solvency requirements of the Life entities and diversify mortality risk across the Group.

Sensitivities

The table below summarises the impact on profit before tax for changes in expenses and mortality. The impact on equity is comparable, where the result needs to be adjusted for tax. For each sensitivity factor, all other assumptions are unchanged. The influence of lapse on the result is positive, since the provision is always greater than the surrender value.

The sensitivities only relate to a change in expenses and mortality for the relevant year and are not related to a change in future expense levels or life expectancy. Increase or decrease of the shock, as presented in the sensitivity table, will result in a proportional increase or decrease in the result.

LIFE INSURANCE SENSITIVITIES, IMPACT ON PROFIT BEFORE TAX (€ MILLION)

	MAINTENANCE EXPENSES 10%	INSURANCE MORTALITY 5%	ANNUITY MORTALITY -5%
2015	−17	−4	−9
2014	−20	−4	−8

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Non-life Risk

Non-life risk is the risk of loss or of adverse change in the value of insurance liabilities resulting from:

- fluctuations in the timing, frequency and severity of insured events, and in the timing and amount of claim settlements.
- significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events.

It encompasses premium, reserve, lapse and catastrophe risk.

Risk profile

The Netherlands is the main market where Achmea is exposed to non-life risk. Greece (Interamerican), Turkey (Eureko Sigorta), Slovakia (Union) and Australia are the Non-life markets outside the Netherlands where Achmea operates.

The risks covered by Achmea are within the typical lines of business, such as motor (hull and liability), transport / aviation, fire and natural events, general liability and legal assistance.

NON-LIFE PORTFOLIO ANALYSES (€ MILLION)

	2015			2014		
	LIABILITIES	GWP	%	LIABILITIES	GWP	%
Motor liability	1,564	639	21%	1,509	667	22%
Motor other	378	726	25%	377	740	25%
Transport / aviation	92	64	2%	90	61	2%
Property	888	1,101	37%	835	1,082	36%
General Liability	776	259	9%	739	260	9%
Legal Assistance	210	184	6%	211	188	6%
Other	5	6	0%	6	5	0%
	3,913	**2,979**	**100%**	**3,767**	**3,003**	**100%**

Within Non-life, catastrophe risk is the largest risk. Mainly the property and motor hull insurance lines are exposed to catastrophe risk. The predominant natural perils are wind damage and hail risk in the Netherlands and, to a lesser extent, earthquake risk in our operations in Greece (Interamerican) and Turkey (Eureko Sigorta). Motor hull in the Netherlands includes the risk of flood.

An occurrence of a catastrophic event, which results in increased claims expenses, is also referred to as concentration risk.

The following table provides an overview of the effect of catastrophe risk in property and motor business lines on profit before tax, based on the insurance portfolio, reinsurance and price level at year-end. The derived loss probabilities resulting from natural disasters in the table are based on models and on historical data, where Achmea makes use of (mostly external) catastrophe models. The impact on equity is comparable, where the result needs to be adjusted for tax.

CATASTROPHE RISK

(€ MILLION)

	2015			2014		
Territory	Netherlands	Greece	Turkey	Netherlands	Greece	Turkey
Dominant peril	Windstorm	Earthquake	Earthquake	Windstorm	Earthquake	Earthquake
- Impact on result before reinsurance	–1,541	–192	–99	–1,606	–190	–89
- Impact on profit before tax	–156	–14	–18	–201	–8	–16
Total retention	156	12	16	201	7	14
Reinsurance capacity purchased externally	1,385	197	234	1,405	217	234

* *Once in 200 years; based on catastrophe model calibration used for the internal model for internal purposes*

LARGEST LOSS NETHERLANDS

(€ MILLION)

	2015	2014
	LARGEST LOSS IN PAST 10 YEARS	LARGEST LOSS IN PAST 10 YEARS
Impact on result before reinsurance	–70	–70
Impact on profit before tax	–20	–20
Highest retention	20	20

In the table that presents the exposure of the largest loss in the past 10 years, the reinsurance capacity is not displayed, as the risks that exceed the treaty capacity are covered on a facultative basis. The historical claims are indexed on price inflation. In 2015 the largest claims the Dutch division faced were two instances of damage to buildings with a total loss of €15 million.

Risk response

The categories on which the direct and indirect business insurance focuses are medium-sized industrial and commercial risks, with a normal maximum limit of €40 million based on the maximum expected loss. In the Netherlands Achmea does not underwrite heavy industrial risks, such as airports or power plants. In Turkey, these types of risks are underwritten on a strategic basis. The risks are either 100% fronted or accepted with a very minimal retention using high quality reinsurers.

For most products, claim settlements take place in a short timeframe. Only in motor liability and general liability insurance and some special insurance long period settlements could occur. In lines of business such as general liability and motor liability (mainly bodily injury) with long settlements, the claims reserve is exposed to the risk of inflation. This risk is periodically and closely monitored, making use of actuarial liability adequacy tests and ALM studies.

The Insurance liabilities for Non-life consists of already reported claims and an ‘incurred but not (enough) reported’ IBN(E)R provision. These claims are either determined case-by-case or statistically. The insurance liabilities for Non-life include a margin for prudency on top of the ‘best estimate’ which is calculated based on a confidence level of 98.5%. The Insurance liabilities are tested at least twice a year for adequacy. If the liability adequacy test shows that the insurance liability Non-life is not within the range of 10% below or above the prudency margin around the confidence level of 98.5%, the parameters with which the provisions are established will be evaluated and adjusted when necessary. The test also verifies the adequacy of the provision for claims handling expenses and unearned premiums.

Achmea uses reinsurance to manage exposure to weather-related events, natural disasters, events involving multiple victims, major fires and large claims in general and motor third-party liability. Reinsurance has significant effects driven by type of reinsurance chosen and the agreed retention and limits. Exposure to natural disasters is limited by the use of catastrophe excess-of-loss reinsurance. In general, catastrophe risks and large individual risks are covered in reinsurance treaties.

Individual risks that exceed the treaty limit of the "per risk" programmes are covered on a facultative basis.

The catastrophe reinsurance covers any retentions for property and motor hull in the Netherlands and Greece based on the calibration of the internal model. For 2015 and 2016, the reinsurance upper limit is based on at most a 0.5% exceedance probability for all catastrophe programmes. In 2015, the total catastrophe retention for Dutch catastrophe risk was €200 million and the highest retention per risk was €20 million (no change from 2014). The retention in the Netherlands on both the property catastrophe programme and the property per risk programme is protected for multiple large losses through layers with an annual aggregate deductible. The retention is based on the risk appetite and is mainly based on an assessment of the costs of reinsurance and the maximum acceptable annual retained loss. Eureko Sigorta has reinsured its largest catastrophe risk, earthquake risk, partly through the Turkish Catastrophe Insurance Pool and proportional treaties. The retention is covered through a catastrophe excess of loss programme.

Sensitivities

The sensitivity of the insurance liability for changes in the expenses and the cost of claims on the profit before tax is shown below. The impact on equity is comparable, where the result needs to be adjusted for tax. For each sensitivity factor, the other assumptions remain unchanged. The sensitivities of a 10% increase in costs or 5% increase in claims are:

NON-LIFE INSURANCE SENSITIVITIES, IMPACT ON PROFIT BEFORE TAX (€ MILLION)

	MAINTENANCE EXPENSES + 10%	GROSS CLAIM RATIOS + 5%
2015	–86	–84
2014	–81	–80

For this table, models based on an economic base are used (best estimates with a risk margin). For the purpose of sensitivity to costs, the costs from the source files are increased by 10% and the model is recalculated. For the purpose of sensitivity for claims, payments from the previous year are increased by 5%. The provisions are disregarded in this respect because shocks and disasters will probably be focused on events during the year, and would not have much impact on the provisions formed in the past.

Health Risk

Health risk is the risk of loss or of adverse change in the value of insurance liabilities resulting from:

- changes in the level, trend, or volatility of the medical expenses incurred in servicing insurance contracts (health Similar as Life Techniques [health SLT])
- fluctuations in the timing, frequency and severity of insured events, and in the timing and amount of claim settlements (health Not Similar as Life Techniques [health NLST])
- significant uncertainty of pricing and provisioning assumptions related to outbreaks of major epidemics, as well as the unusual accumulation of risks under such extreme circumstances (health CAT)
- the changes in the level, trend or volatility of the underlying risk drivers (longevity rates, incidence rates, lapse rates, expenses, recovery and revision rates) for disability insurance.

Health risk is present in disability insurance (Health SLT and Health NSLT) and in medical expenses (Health NSLT).

Disability

Risk profile

DISABILITY PORTFOLIO ANALYSES

(€ MILLION)

			2015			2014
	LIABILITIES	GWP	%	LIABILITIES	GWP	%
Income protection	3,018	705	100%	3,140	685	100%
	3,018	**705**	**100%**	**3,140**	**685**	**100%**

Disability products cover the risk of a reduction in income resulting from inability to work due to disability (long-term, Health SLT). Sickness and accident insurance (short-term, Health NSLT) are also included in this overview.

In the Netherlands, Achmea offers disability products based on local regulatory requirements. In the Dutch regulations there is a distinction between employers (including self-employed) and employees. For employers and the self-employed there is no public insurance and a full private insurance is available. For employees there is a public insurance, the Work and Income according to labour ability (Wet werk en inkomen naar arbeidsvermogen WIA) which consists of two covers: the income provision in case of full and permanent disability (Inkomensvoorziening volledig en duurzaam arbeidsongeschikten, IVA) and the return to work provision in case of partial or non-permanent disability (Werkhervatting gedeeltelijk arbeidsgeschikten,WGA). There are two types of private insurance: supplements to the public insurance and (re)insurance of the WGA, since a company can choose to bear the WGA risk itself and exit the public insurance. Main uncertainties in the WGA insurance cover are the inflow and duration of the disability.

In Ireland, disability insurance is an important business line written on a standalone basis, but these products are also offered as part of life insurance products (PHI). The PHI contracts guarantee the premium rates for the duration of the contract for individual policyholders and for a limited period in the case of group contracts.

Risk response

Within disability, after the initial claims report a customer follows a reintegration program that assesses whether interventions by external service providers may be valuable. This consists of workplace adjustment or waiting list mediation.

Insurance liabilities related to income protection insurance are sensitive to changes in legislation, changes in medical cost levels, the level of absenteeism due to illness, the frequency and the extent to which people are considered to be disabled, the rate of recoveries from disability, and the level of interest and inflation rates.

An important part of the portfolio has a contract period of three to five years, allowing exposure to the above risks. In the vast majority of the agreements with maturities longer than one year the premium can be adjusted according to a clause in the policy conditions. The possibility of high claims per single risk for disability is mitigated by limiting the insured income and, in some cases, the use of reinsurance.

The Insurance liabilities for Disability consists of already reported claims and an 'incurred but not (enough) reported' IBN(E)R provision. These claims are either determined case-by-case or statistically. In addition to determining a best estimate provision, a prudency policy is defined. As a result negative deviations from the best estimate provisions should be absorbed.

The Insurance liabilities are tested at least twice a year for adequacy. The liability adequacy test for disability is based on cash flows. In determining the present value, the premium interest rate is used. Non-economic assumptions are based on a mix of industry standards and own experiences.

Sensitivities

The sensitivity of the insurance provisions for changes in the cost, the claims and incidence and recovery rates on the profit before tax is shown below. The impact on equity is comparable, where the result needs to be adjusted for tax. For each sensitivity factor, the other assumptions remain unchanged. The sensitivities of the percentages in the table would have in the book year the following impact:

DISABILITY INSURANCE SENSITIVITIES, IMPACT ON PROFIT BEFORE TAX (€ MILLION)

	MAINTENANCE EXPENSES + 10%	GROSS CLAIM RATIOS + 5%	INCIDENCE RATE +10%*
2015	–23	–32	-46
2014	-23	-24	-45

For the -10% sensitivity of the recovery rate an estimate is made based on last years' result and amounts €-56 million. For this table, models based on an economic base are used (best estimates with a risk margin). For the purpose of sensitivity to costs, the costs from the source files are increased by 10% and the model is recalculated. For the purpose of sensitivity for claims, payments from the previous year are increased by 5%. The provisions are disregarded in this respect because shocks and disasters will probably be focused on events in the year, and would not have much impact on the provisions formed in the past.

Medical Expenses

Risk profile

The Netherlands is the main market where Achmea offers health insurance. The health insurance system consists of two components: a basic and a supplementary health insurance. For the basic health insurance, Achmea offers direct settlement ('natura'), the refund ('restitutie') and a combination policy. For the supplementary health insurance a refund policy is offered.

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HEALTH PORTFOLIO ANALYSES (€ MILLION)

			2015			2014
	LIABILITIES	GWP	%	LIABILITIES	GWP	%
Basic Health insurance	5,070	12,178	88%	4,916	11,881	87%
Supplementary Health insurance	106	1,310	9%	113	1,359	10%
Other	91	384	3%	91	365	3%
	5,267	**13,872**	**100%**	**5,120**	**13,605**	**100%**

The basic insurance is mandatory for anyone who lives or works in the Netherlands and must be purchased from a health insurer based in the Netherlands. All insurers have a duty to accept all applicants. The basic insurance covers the basic standard of care and Achmea's wholly owned subsidiaries offer three kinds of insurance policies (direct settlement, refund and the combination policy). Premiums for the basic health insurance are partly influenced by political decision-making. The Dutch government determines the extent of coverage under the basic insurance package and the conditions applicable to the basic insurance package, including admission and the maximum discount for group contracts (10% of the gross premium). In addition, the government determines the ex-ante payments insurers receive from the health insurance equalisation fund, which should be sufficient to cover the initially expected costs. The compensation paid through the equalisation fund is financed by employers and the Dutch government. Payments by this fund depend on the risk profile and the portfolio of the health insurance company. In such a system with risk-compensation measures, the insurance risk is limited if there is an average portfolio of insured persons (i.e. a representative portfolio).

Currently, ex-post compensating mechanisms which reduce the risk, namely for mental health care and district nursing care still exists. These ex-post compensations are likely to be eliminated with effect from the risk year 2017.

Supplementary health insurance offers policyholders an opportunity to expand the cover provided by the basic health insurance. This insurance is optional and is comparable in nature and method to non-life insurance. The cover provided by these insurances is not tied to government stipulations and there is no obligation of acceptance and no risk equalisation system. Achmea offers a variety of general and dedicated supplementary health insurance packages. Premiums for supplementary health insurance are tailored to the cover offered.

The uncertainties for a health insurer are specifically in basic health care, and occur for various reasons:

- Political decisions, such as transfer of the AWBZ in 2015.
- The equalization model is not suitable for long-term care.
- Growing competition in healthcare.
- The settlements with Zorginstituut Nederland (ZiNL) per occurrence year, and the clearing of over and under-funding. The uncertainty of health-related costs is due to timeliness of invoice processing by health care providers, revenue settlement and the availability of reliable historical data.

In the process of estimating insurance liabilities and income from the health insurance equalisation fund uncertainties are still present, due to the timeliness of the processing of invoices by health insurers, the transfer of long-term care and the restriction of the ex-post compensation mechanism.

Risk response

Achmea has taken a number of measures to mitigate the uncertainties on the health costs. The Insurance liabilities for outstanding claims and receivables from ZiNL are based on best estimates of expected amounts taking into account a prudent approach to uncertainties. Claim estimates are generated periodically by both care procurement and actuaries in order to gain insight into relevant developments and the adequacy of Insurance liabilities. In addition to these measures, there is more information available on a national level about the macro claims. Furthermore Achmea reduced the upward potential of the insurance risk for specialised medical care and mental healthcare by agreeing on contractual terms with institutions about maximum expenses.

Sensitivities

An impact analysis is performed around the many uncertainties that Achmea has to deal with under the basic health insurance. Primarily, these are the uncertainties surrounding the forecasting of the health care costs and estimating the various budget components from the risk equalisation.

There are several insurance uncertainties (including macro costing and revenue offsetting the greatest impact) for which scenarios are calculated in terms of the impact on the net result. For the calculation of the maximum impact (in other words, based on the worst-case scenario) on the net result that may occur over a horizon of one year a certainty level of 99.5% is assumed for both the budget components and the cost of care.

The table below lists the results of this impact analysis of Basis Health Insurance. They are compared with the available capital including prudence margin in Insurance liabilities. If the change between budget items and the cost of care can be absorbed with the capital (including prudence) then the capital with a certainty of 99.5% is sufficient for the worst-case situation.

RESULTS IMPACT ANALYSES COMPARED TO AVAILABLE SOLVENCY (€ MILLION)

	2015	2014
Total available capital Basic Health Insurance	3,327	3,007
Results impact analyses	1,565	1,313
Available capital Basic Health Insurance in worst case scenario	**1,762**	**1,694**

The impact analyses performed at the end of 2015 have shown that the existing capital of Achmea in conjunction with the prudence margin is more than sufficient to undergo the worst-case scenario (with a confidence level of 99.5%) over a one-year horizon.

B MARKET RISK

Market risk is the risk of loss or adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.

It encompasses equity risk, interest rate risk, property risk, spread risk and currency risk. Achmea is exposed to market risk in its insurance and banking operations. Specific risk events which could have a significant impact are extreme shocks on the financial markets and an extreme increase of the interest rates.

'Embedded' options

Achmea sells products that contain embedded options in its insurance operations, such as minimum guarantees and profit sharing (see the product range under life risk). The total amount of related Dutch traditional life insurance liabilities including embedded options is €16.4 billion (2014: €15.3 billion). Less than fifteen percent of disability insurance liabilities in the Netherlands are related to products with profit sharing on technical results. In Ireland, there is a significant amount of insurance products with-profits business where generated profits are distributed to policyholders as reversionary or terminal bonuses. Irish with-profit insurance products are based on the United Kingdom-model, where discretionary regular and terminal bonuses are given, dependent on returns on the Participating Fund. The total amount of the related insurance liabilities is €1.6 billion (2014: €1.7 billion). In general, profit sharing in Greece and Slovakia is a percentage of the excess investment return above the guaranteed rate. The related insurance liabilities are considered small at Group level. The decreasing market interest rates have led to higher premiums in group contracts and increasing provisions for interest rate guarantees.

Market risk framework

The Market Risk Policy describes how market risks are managed. For its Dutch insurance companies, Achmea manages market risk positions within an Asset & Liability Management (ALM) framework developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The ALM's key objective is to maximise the risk versus expected returns within the defined risk appetite. The total investment portfolio of Achmea is split into a matching-portfolio and a return-portfolio for generating investment income by taking market risks. A risk budget for market risk of the return portfolio is set based on the ALM study. The budget for market risk is determined on the basis of Achmea's risk appetite which sets limits in terms of the relation of available capital to required capital, the maximum loss accepted, the maximum share of capital allowed for financial risks and a targeted credit rating. In the ALM study different asset mixes are tested for their effect on expected profit and these limits of the risk appetite. This research is executed at least annually or more frequently when appropriate. Following this an optimal return portfolio (the strategic investment mix) is determined that fits the set risk budget and provides the highest return given additional restrictions on, for example, liquidity and minimum size per asset class. Periodic monitoring is in place, focussing on deviations from the strategic mix, and managing the interest rate exposure. Investment decisions are taken at Group level, but the limits have to be adhered to by each distinct regulated entity for which a separate portfolio of assets is maintained.

For the insurance entities outside the Netherlands, an ALM and Investment Plan process is followed, based on central guidance from Group. Local investment policies are based on a periodic ALM study to safeguard that the investments best balances the risk positions that originate from the liabilities. In general, very limited market risk is taken above the level needed to balance the risk from the insurance liabilities.

The following sections provide when relevant more detail per risk type, where a distinction is made between insurance and banking operations.

Equity risk

Equity risk is the risk of loss resulting from the sensitivity of the values of assets and liabilities to changes in the level or volatility of market prices of equities.

Achmea's exposure to equity risk is divided among the following sectors: Consumer (€234 million), Energy (€41 million), Financials (€2,010 million), Healthcare (€95 million), Industries (€110 million), Information Technology (€78 million), Materials and Construction (€35 million), Services (€83 million) and other sectors (€256 million).

Sensitivity of equities and alternative investments for a change in market value of +10% is €294 million (2014: €255 million) and -10% is €-294 million (2014: €-251 million). As Achmea's equity investments are mainly classified as 'Available for sale' this will in general only affect total equity as, besides impairment losses, changes in market values are only reflected in Total equity and not in Net profit. Total equity will be 2.9% lower if equity investments decline by 10%, and solvency will be 6.7% lower. In these figures the sensitivity of future profits to fees and charges in the unit-linked portfolio, which are related to unit-linked asset value, is not taken into account.

Interest rate risk

Interest rate risk is the risk of loss resulting from the sensitivity of the values of assets and liabilities to Changes in the term structure of interest rates (both nominal and real) or in the volatility of interest rates. Interest rate risk is present in the insurance and banking operations of Achmea.

Interest rate risk within insurance activities

Risk profile

Both the guarantees and profit participation in the insurance products create an exposure to interest rate risk for Achmea, see the section on embedded options.

Risk response

Achmea's interest rate policy for the Dutch insurance entities is to manage the interest rate risk of investments and liabilities on an economic basis using different scenarios for parallel shifts in the interest rate curves. The negative change in the difference between assets and liabilities must remain within an allowed bandwidth; changes in the composition of the investment portfolio are implemented to correct mismatches. Interest rate derivatives are used to improve the matching of insurance liabilities as part of this process. The interest rate sensitivity of the net position is assessed on a monthly basis, both on regulated entity and Achmea Group level. For this assessment, parallel shocks are applied to the replicating portfolios and the related actual investment portfolios. The sensitivity for a shock of 40 basis points and 100 basis points has to be within certain bandwidths for both Life and Non-life. These are respectively -1.5% and -4% of available capital for Life and -1% and -3% of available capital for Non-life. For Hagelunie N.V. this bandwidth is specifically set at -1.5% and -4.5%, given the size of the investment portfolio.

Achmea's foreign subsidiaries apply a duration matching approach within bandwidths, which is monitored locally via committees. On an annual basis a full ALM study is carried out, which includes, in addition to duration matching, sensitivities on available capital for different scenarios for shifts in the interest rate curves. This is discussed at both local and Group level.

Achmea hedges interest rate risk that originates from the insurance liabilities, by means of an overlay management process that makes use of interest rate derivatives (swaps and swaptions). Achmea has entered into a number of long-term interest rate derivative contracts within its Life business. These derivatives are supplementary to the conventional fixed-income investments and the primary aim of the derivatives is protection of economic value. Achmea applies hedge accounting when necessary to decrease the volatility in the Consolidated Income statement. The total value of the interest rate derivative position is €1,841 million (2014: €2,944 million) with a notional amount of €27.4 billion (2014: €22.8 billion).

Sensitivities

For internal monitoring and management, Achmea uses scenarios of interest rate sensitivity shocks with the effect presented on the capital position. The impact on the technical provision in this calculation is measured on an economic basis, using the swap curve excluding the ultimate forward rate (UFR). The result of Achmea may be influenced depending on the accounting classification of affected balance sheet items or recognition of impairments and the impact of the curve used performing the liability adequacy test. In this test the risk free discount rate is used as published by EIOPA. The impact of an increase in interest rates of 1% measured at the economic basis at year-end 2015 was €31 million. The impact of a similar size decrease was approximately €-89 million. Sensitivities only relate to parallel shifts in the yield curves. An increase in interest rates would have an adverse impact on the Liability Adequacy Test because of the use of the Ultimate Forward Rate (UFR) in the EIOPA curve; the UFR mitigates the effect on the value of the liabilities which will not decrease as fast as the value of the assets. An increase in interest rates will reduce the IFRS Liability Adequacy Test surplus and, if all other factors remain equal, can lead to a need to increase the liabilities.

SCENARIO INTEREST RATE SHOCKS (€ MILLION)

	AVAILABLE CAPITAL	EFFECT INTEREST RATE SHOCK -1%	EFFECT INTEREST RATE SHOCK -0.4%	EFFECT INTEREST RATE SHOCK +0.4%	EFFECT INTEREST RATE SHOCK+1%
2015	9,299	−89	−24	17	31
2014	9,285	−126	−18	−8	−44

Interest rate risk within banking activities

The banking operations of Achmea are exposed to fluctuations in interest rates both economically (market value of assets and liabilities) and in terms of earnings. Risk taking and managing risk as a source of profitability is a core business activity for a bank.

However, excessive interest rate risk can pose a significant threat to a bank’s capital and earnings. Accordingly, an effective risk management process that maintains interest rate risk within prudent levels is essential for the safety and soundness of a bank. The focus of the banking activities of Achmea is on retail banking products (mortgages, deposits, savings and current accounts). The majority of these products or services generate interest rate risk. This risk is mitigated by using derivatives (interest rate swaps and forward rate agreements). Within Achmea’s banking activities no non-linear derivatives are used, e.g. swaptions, caps and floors.

SENSITIVITIES BANKING ACTIVITIES (€ MILLION)

	2015 ACHMEA BANK	2015 STAALBANKIE RS	2014 ACHMEA BANK	2014 STAALBANKIERS
Income at Risk +100 basis points	11	1	6	1
Value at Risk	102	3	72	-5
Stress test -100 basis points	14	2	10	3
Stress test +100 basis points	−35	−2	-31	-3

Spread risk

Spread risk is the risk of loss resulting from the sensitivity of the values of assets and liabilities to changes in the level or volatility of credits spreads over the risk-free interest rate term structure.

Achmea's main exposure to spread risk is from investment-grade credits (€8,759 million, 2014: €8,547 million), convertible bonds (€338 million, 2014: €315 million) and emerging market debt (€204 million, 2014: €138 million). Achmea mitigates the spread risk through a conservative investment strategy that balances the exposure types (corporates, financials, covered bonds, government related bonds and asset backed securities), the maturity profile and the regional allocation. The credit rating of the fixed income instruments is presented in the counterparty default risk paragraph.

Property risk

Property risk is the risk of loss resulting from the sensitivity of the values of assets and liabilities to changes in the level or volatility of market prices of real estate.

At year-end, total investment property amounted to €1,114 million (2014: €1,125 million) (2.4% of the total investment portfolio(2014: 2.4%)). The greater part is invested in direct real estate in the Netherlands. An overview of the composition of the investment property portfolio is given in Note 9, 'Investment property'.

The impact of a 10% decrease in the value of real estate would result in a 1.1% decrease (2014: 1.1%) in Total equity and a 2.5% decrease (2014: 2.9%) in the solvency ratio. In these figures the sensitivity of future profits to fees and charges in the unit-linked portfolio, which are related to unit-linked asset value, is not taken into account.

Currency risk

Currency risk is the risk resulting from the sensitivity of the values of assets and liabilities to changes in the level or volatility of currency exchange rates.

Risk profile

The exchange rate risk table below shows the total exposure to the major currencies at year end.

EXCHANGE RATE RISK (€ MILLION)

		2015 TOTAL EXPOSURE	2015 NOTIONAL AMOUNT OF HEDGING INSTRUMENTS	2015 NET EXPOSURE	2014 TOTAL EXPOSURE	2014 NOTIONAL AMOUNT OF HEDGING INSTRUMENTS	2014 NET EXPOSURE
Assets							
US	dollar	3,190	2,443	747	2,791	2,536	255
Pound	sterling	1,656	846	810	1,359	378	981
Polish	zloty	118		118	117		117
Swiss	franc	684	731	–47	346	346	
Turkish	lira	400		400	403		403
Danish	krone	461	231	230	191	291	–100
Other		314	218	96	292	242	50
		6,823	**4,469**	**2,354**	**5,499**	**3,793**	**1,706**
Liabilities							
US	dollar	560		560	65	13	52
Pound	sterling	826		826	981		981
Polish	zloty	123		123	112		112
Swiss	franc	370	368	2	–120	–121	1
Turkish	lira						
Danish	krone	227		227			
Other		22		22	6		6
		2,128	**368**	**1,760**	**1,044**	**–108**	**1,152**
Net position							
US	dollar	2,630	2,443	187	2,726	2,523	203
Pound	sterling	830	846	–16	378	378	
Polish	zloty	–5		–5	5		5
Swiss	franc	314	363	–49	466	467	–1
Turkish	lira	400		400	403		403
Danish	krone	234	231	3	191	291	–100
Other		292	218	74	286	242	44
		4,695	**4,101**	**594**	**4,455**	**3,901**	**554**

Risk response

Achmea's policies on foreign currencies and hedging strategies do not aim to fully hedge foreign currency exposure. In general, Achmea does not hedge the net investment in, or the income streams from, its non-euro subsidiaries, because the operations of these subsidiaries are regarded as part of Achmea's long-term strategy. Exposure in the investment portfolio is generally hedged. Achmea is exposed to currency risk, specifically in US dollars, as part of the regular investment portfolio (equities, fixed-income investments and listed real estate). In 2015, the investment portfolio, denominated in US dollars, was hedged to a large extent. Other

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significant long-term exposures are the Turkish lira, through the investments in Eureko Sigorta and Garanti Emiklilik.

Achmea applies fair value hedge accounting for the portfolios exposed to foreign currency risk. Fair value hedge accounting implies that the fair value movements from the hedging instrument and the fair value movements from the hedged item that are attributable to the hedged risk are recognised in the income statement. Foreign exchange contracts are used as hedging instruments.

The fair value of a foreign exchange contract varies identically with the foreign exchange rate and this equals the fair value changes related to foreign currency differences of an investment in a foreign currency. Therefore, hedge accounting related to foreign exchange can be 100 per cent effective. These results are presented in the table 'Results on hedge accounting' in note 10, Investments.

Sensitivities

Achmea uses scenario analysis to assess the effect of changes in foreign currency exchange rates against the euro on Total equity and Profit before tax. The table below shows the impact of a change in foreign exchange rates on total equity and profit before tax based on the situation at year-end. In these figures the sensitivity of future profits to fees and charges in the unit-linked portfolio, which are related to unit-linked asset value, is not taken into account.

EURO VERSUS ALL OTHER FOREIGN CURRENCIES + 10 %

(€ MILLION)

	2015 TOTAL EQUITY	2015 PROFIT BEFORE TAX	2014 TOTAL EQUITY	2014 PROFIT BEFORE TAX
Financial instruments	−3	−22	-10	-15
Associates and joint ventures	−6	−9	-6	
Subsidiaries	−15	−19	-24	
	−24	**−50**	**-40**	**-15**

On the basis that all other variables remain stable, a 10% decrease of the euro against all other foreign currencies at 31 December 2015 would have had the opposite effect on the amounts shown in the table.

C COUNTERPARTY DEFAULT RISK

Counterparty default risk is the risk of loss resulting from unexpected default, or deterioration in the credit standing (e.g. migration), of the counterparties and debtors of Achmea.

Risk profile

Achmea is exposed to counterparty risk in the area of investments, treasury, banking, reinsurance, healthcare providers, intermediaries, and policyholders.

The financial assets as presented in the Consolidated Statement of Financial Position and related notes represent the maximum exposure to credit risk.

The following table provides information on the aggregated counterparty risk exposure for the financial investments categorised by external rating and assets not rated.

EXTERNAL CREDIT RATING ASSETS

(€ MILLION)

2015	AAA SOVEREIGN	AAA	AA	A	BBB	BELOW BBB	NOT RATED	TOTAL
Investments								
Bonds	12,618	1,873	5,241	5,006	4,281	276	129	29,424
Loans and mortgages		558	15	235	120	3	3,917	4,848
Deposits with reinsurers			742					742
Deposits with credit institutions		1	191	194	191	1	1	579
Derivatives		2	39	262			3,447	3,750
Other financial investments*		69	2,428				98	2,595
Investments backing linked liabilities								
Bonds and other fixed-income investments	2,564	756	80	129	36	38		3,603
Derivatives				138	172		79	389
Cash and other financial investments			7,388	124	149	80	690	8,431
Banking credit portfolio		144	122	977			13,623	14,866
Amounts ceded to reinsurers		13	431	683	12		242	1,381
Receivables and accruals		2,320	11	510		2	4,472	7,315
Cash and cash equivalents		733	913	186	57	26	202	2,117

* *Other financial investments include saving accounts linked to life insurance contracts, for which the interest revenue is based on the interest rate that the policyholder pays on his mortgage loan, and other financial instruments. For an overview of other investments reference is made to Note 10.*

EXTERNAL CREDIT RATING ASSETS

(€ MILLION)

2014	AAA SOVEREIGN	AAA	AA	A	BBB	BELOW BBB	NOT RATED	TOTAL
Investments								
Bonds	14,621	2,953	4,949	5,759	4,025	249	582	33,138
Loans and mortgages		254		57			1,896	2,207
Deposits with reinsurers					954			954
Deposits with credit institutions		5	39	235	4	98	302	683
Derivatives			2	372	1		3,649	4,024
Other financial instruments*			2,609				420	3,029
Investments backing linked liabilities								
Bonds and other fixed-income investments	2,819	554	207	72	109	29	8	3,798
Derivatives			4	114	93	60	78	349
Cash and other financial investments			7,049	5			779	7,833
Banking credit portfolio			140	1,014	50		14,023	15,227
Amounts ceded to reinsurers		12	508	638	7		271	1,436
Receivables and accruals		1,623	17	4	1		3,889	5,534
Cash and cash equivalents		–42	110	393	11	35	1,209	1,716

* *Other financial investments include saving accounts linked to life insurance contracts, for which the interest revenue is based on the interest rate that the policyholder pays on his mortgage loan, investments related to cash collateral received in securities lending, and other financial instruments. For an overview of other investments reference is made to Note 10.*

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The table below provides an overview of asset and liabilities subject to offsetting, enforceable master netting agreements and similar agreements.

FINANCIAL ASSETS SUBJECT TO OFFSETTING, ENFORCABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS (€ MILLION)

2015	GROSS AMOUNTS OF RECOGNISED FINANCIAL ASSETS	GROSS AMOUNTS OF RECOGNISED FINANCIAL LIABILITIES SET OFF IN THE STATEMENT OF FINANCIAL POSITION	NET AMOUNTS OF FINANCIAL ASSETS PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	FINANCIAL INSTRUMENTS	CASH COLLATERAL RECEIVED (EXCLUDING SURPLUS COLLATERAL)	NET AMOUNT
Derivatives	3,751	1	3,750	949	2,818	-17
Cash and cash equivalents	3,628	1,511	2,117			2,117
2014						
Derivatives	4,024		4,024	758	2,905	361
Cash and cash equivalents	4,456	2,740	1,716			1,716

FINANCIAL LIABILTIES SUBJECT TO OFFSETTING, ENFORCABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS (€ MILLION)

2015	GROSS AMOUNTS OF RECOGNISED FINANCIAL LIABILITIES	GROSS AMOUNTS OF RECOGNISED FINANCIAL LIABILITIES SET OFF IN THE STATEMENT OF FINANCIAL POSITION	NET AMOUNTS OF FINANCIAL ASSETS PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	FINANCIAL INSTRUMENTS	CASH COLLATERAL RECEIVED (EXCLUDING SURPLUS COLLATERAL)	NET AMOUNT
Derivatives	1,793		1,793	884	845	64
2014						
Derivatives	1,896		1,896	742	897	257

The following table provides impairment charges for bonds categorised by external credit ratings.

IMPAIRMENT CHARGES BONDS RECOGNISED IN INCOME STATEMENT (€ MILLION)

	2015	2014
Below BBB		7
Unrated	1	2
Total	**1**	**9**

The following table provides an overview of the carrying amounts of financial assets that are past due or impaired.

FINANCIAL ASSETS, THAT ARE PAST DUE OR IMPAIRED

(€ MILLION)

	NEITHER PAST DUE NOR IMPAIRED	PAST DUE BUT NOT IMPAIRED					IMPAIRED ASSETS	TOTAL CARRYING AMOUNT
			AMOUNTS PAST DUE					
2015	CARRYING AMOUNT	CARRYING AMOUNT PRINCIPAL	0–3 MONTHS	3 MONTHS – 1 YEAR	1 YEAR	MORE THAN ONE YEAR PAST DUE	CARRYING AMOUNT AFTER IMPAIRMENT	
Investments								
Bonds	29,411	3					10	29,424
Loans and mortgages	4,848							4,848
Deposits with reinsurers	742							742
Deposits with credit institutions	579							579
Derivatives	3,750							3,750
Other financial investments	2,595							2,595
Investments backing linked liabilities								
Bonds and other fixed-income investments	3,603							3,603
Derivatives	389							389
Cash and other financial investments	8,431							8,431
Banking credit portfolio	14,496	207	2		1	3	160	14,866
Amounts ceded to reinsurers	1,381							1,381
Receivables and accruals	4,533		518	449	433	1,400	1,382	7,315

* *Other financial investments include saving accounts linked to life insurance contracts, for which the interest revenue is based on the interest rate that the policyholder pays on his mortgage loan, and other financial instruments. For an overview of other investments reference is made to Note 10*

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FINANCIAL ASSETS, THAT ARE PAST DUE OR IMPAIRED

(€ MILLION)

2014	NEITHER PAST DUE NOR IMPAIRED	PAST DUE BUT NOT IMPAIRED					IMPAIRED ASSETS	TOTAL CARRYING AMOUNT
			AMOUNTS PAST DUE					
	CARRYING AMOUNT	CARRYING AMOUNT PRINCIPAL	0-3 MONTHS	3 MONTHS - 1 YEAR	1 YEAR	MORE THAN ONE YEAR PAST DUE	CARRYING AMOUNT AFTER IMPAIRMENT	
Investments								
Bonds	33,126	3					9	33,138
Loans and mortgages	2,206						1	2,207
Deposits with reinsurers	954							954
Deposits with credit institutions	683							683
Derivatives	4,024							4,024
Other financial investments	3,029							3,029
Investments backing linked liabilities								
Bonds and other fixed-income investments	3,798							3,798
Derivatives	349							349
Cash and other financial investments	7,833							7,833
Banking credit portfolio	14,875	207	2	1	2		140	15,227
Amounts ceded to reinsurers	1,436							1,436
Receivables and accruals	3,537		301	106	486	893	211	5,534

* *Other financial investments include saving accounts linked to life insurance contracts, for which the interest revenue is based on the interest rate that the policyholder pays on his mortgage loan, investments related to cash collateral received in securities lending, and other financial instruments. For an overview of other investments reference is made to Note 10.*

Receivables and accruals include €2.332 million (2015: €1,170 million), which are payments to health care institutions regarding the delayed invoicing. Reference is made to Note 15, Receivables and accruals.

Achmea's credit risk in banking operations is largely concentrated in mortgage lending activities and counterparty exposures in the money market and capital market for Achmea Bank and Staalbankiers. In 2014 Achmea started to build a mortgage lending exposure in life insurance. The credit risk in mortgage lending is managed by applying credit approval criteria and subsequently monitoring repayment criteria. Any non-standard conditions imposed on borrowers require the approval of the Credit Committee. Procedures are in place to monitor interest and repayment arrears. Achmea is actively pursuing a policy of enhancing the risk profile of the banking credit portfolio by improving risk assessments.

Achmea's banking activities provide primarily loans with real estate as collateral (mortgage backed loans) and / or with a security deposit as collateral. The total amount of loans with collateral of €14,866 million is part of the maximum credit exposure, presented as banking credit portfolio in the table above. Furthermore, these loans are issued only to counterparties which have been approved by the Credit Committee.

The credit risk of mortgage loans is broken down into categorised mortgages with a low risk profile (mortgages in the Netherlands guaranteed by the Dutch National mortgage guarantee (NHG) which is guaranteed by the government) and securitised mortgages with an average risk profile (all other mortgages receivables and purchased own bonds) and with a high risk profile (the part of mortgage receivables above loan to foreclosure value of 75%). This classification is in line with the reporting standards of De Nederlandsche Bank (DNB).

RISK MORTGAGES PORTFOLIO

(€ MILLION)

	2015 ACHMEA BANK	2014 ACHMEA BANK	2015 STAALBANKIERS	2014 STAALBANKIERS	2015 PENSION & LIFE NETHERLANDS	2014 PENSION & LIFE NETHERLANDS	2015 NON-LIFE NETHERLANDS	2014 NON-LIFE NETHERLANDS
High risk	2,675	5,517	232	212	387	389		
Medium risk	7,466	4,035		798	348	89	6	
Low risk	3,119	2,941			3,013	1,099	23	
Total mortgage portfolio	**13,260**	**12,493**	**232**	**1,010**	**3,748**	**1,577**	**29**	

Risk response

The counterparty risk group level governance framework is defined in the Counterparty Risk Policy by explicitly describing roles and responsibilities, the process for initiating transactions with new counterparties, the limit distribution per counterparty within Achmea departments and legal entities and the limit revision and exposure control process. The principles of this policy are linked to the Achmea Capital Adequacy Policy. In this way, exposure concentrations are ensured to be conservatively less than capital surplus on both Group level and legal entity level within Achmea.

The main 'prevention' objective in managing counterparty risk is to prevent concentrations, ensure that portfolios are well diversified and ensure that risks are sufficiently reduced or mitigated. Additionally, the main contingency measure in managing counterparty risk is to ensure that recovery processes are well organised and capital surplus is sufficient to withstand credit events.

At the heart of this policy is a rating-based system of exposure limits per counterparty as given in the following table:

MAXIMUM GROUP-LEVEL EXPOSURE

(€ MILLION)

RATING	SUPRA NATIONALS AND GOVERNMENTS	OTHER COUNTERPARTIES
AAA	(no limit)	500
AA+, AA, AA-	500	350
A+, A, A-	300	225
BBB+	200	150
BBB	150	100
BBB-	75	50

Achmea decided that these maximum Group-level exposure limits do not apply to the exposure towards the Rabobank Group. This exposure mainly consists of saving accounts held at Rabobank Group related to life insurance policies in force (Note 10, Investments) and a credit facility that is reported as Loans and borrowings (Note 25).

Derivative transactions are only initiated with counterparties that meet Achmea's rating requirements and collateral requirements. ISDA master agreements (International Swaps and Derivative Association) are in place between Achmea entities and its derivative counterparties. The policy defines collateral requirements that must be specified in the individually negotiated Credit Support Annexes. Only government bonds issued by highly rated countries and cash collateral in Euros, US dollars, British pounds and Swiss francs are accepted as collateral. Independent valuation of derivatives, daily settlement of collateral and increasing haircuts related to remaining maturity of the collateral received, further reduces the counterparty default risk.

In response to European Market Infrastructure Regulation (EMIR), Achmea has an explicit policy in place for both centrally cleared OTC derivative contracts and non-centrally cleared derivative contracts. There is an explicit policy for managing counterparty risk from the portfolio of government bonds in the 'core' of Achmea's investment portfolio, and improved exposure measurement accuracy with respect to counterparty risk as a result of guarantees provided by Achmea to clients in the 'unit-linked' portfolio's. The process for counterparty authorisation of Achmea's Operating Companies via Achmea's international division is further streamlined.

With respect to counterparty risk of receivables regarding private persons unable to pay their health premiums there are procedures are in place. The Dutch government has a policy that obliges the insurer to provide all Dutch citizens with health insurance. As a consequence, private persons who are unable to pay their premium must be provided health care by law. Hence, on the liability side we cannot terminate this risk. To enable insurers to manage this risk, the Dutch government has put in place regulations through the Zorginstituut Nederland (ZiNL), which compensates for all unpaid premiums due for more than six months. This risk for Achmea is therefore limited to at most six months of unpaid premiums per private person.

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D LIQUIDITY RISK

Liquidity risk is the risk of loss resulting from the inability to meet efficiently both expected and unexpected current and future cash flows and collateral needs without negatively affecting either daily operations or the financial condition of a legal entity.

Risk profile

Achmea runs liquidity risk on holding and within the legal entities, especially within its banking entities.

The table below presents the liquidity risk as managed by the banks locally, including intercompany transactions as this reflects liquidity risk within Achmea's banking entities more appropriately,

LIQUIDITY RISK EXPOSURE BANKING (€ MILLION)

2015	LESS THAN 3 MONTHS	BETWEEN 3 AND 12 MONTHS	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Assets					
Investments		131	430	244	805
Banking credit portfolio	741	860	3,419	9,252	14,272
Cash and cash equivalents	731				731
Other assets	11				11
Total assets	**1,483**	**991**	**3,849**	**9,496**	**15,819**
Liabilities					
Banking customer accounts	3,105	697	1,509	684	5,995
Loans and borrowings	634	806	2,843	1,786	6,069
Derivatives	11	37	391	457	896
Other liabilities	41				41
Total liabilities	**3,777**	**1,554**	**4,743**	**2,927**	**13,001**
Net liquidity gap	**-2,294**	**-563**	**-894**	**6,569**	**2,818**

- The amounts disclosed in the maturity analysis are the undiscounted contractual cash flows. Therefore, the table above does not reconcile to the discounted cash flows in the Consolidated Statement of Financial Position
- Maturity analyses of the insurance liabilities are presented in Note 19, Insurance liabilities and Note 20, Insurance liabilities where policyholders bear investment risks.

Risk response

The Liquidity Risk Policy describes how liquidity risk is managed.

Achmea's funding strategy is based on assuring access to international capital and credit markets at low cost, underpinned by credit ratings in line with its peers. In general, each operation is responsible for funding its own activities.

Access to capital and credit markets are arranged both at legal entity and at holding level. The holding may be involved in financing the operations of certain subsidiaries, through capital increases or subordinated loans. Funding at holding level could come from dividends from subsidiaries, issuance of debt and committed and uncommitted credit lines with a number of national and international banks. At year-end 2015, sufficient funding was available. At year-end 2015 the committed credit lines (€ 750 million) were undrawn.

Linked to the business plan, liquidity planning takes place at both subsidiary and holding level. Those plans are updated on a monthly basis and more often if necessary.

Reporting to the FRC on the liquidity position takes place on a quarterly basis. A liquidity contingency plan is drafted describing the procedures and options to arrange liquidity in times of stress. This plan describes possible actions and sources of funds taking into account the behaviour of other counterparties.

Achmea has defined relevant metrics for each of its legal entities as well as the Holding. The metrics aim to provide a forward looking view on Achmea's liquidity position and liquidity risk exposure for various time horizons under normal conditions as well as for a range of moderate and extreme stress events. Combined with limits, they support Achmea to satisfy its risk appetite statements as defined by the Finance & Risk Committee and provide early warning signs when Achmea runs the risk of having insufficient liquidity to meet its liabilities. Furthermore, they enable Achmea to provide quantitative information about its liquidity position on different levels to supervisors and market participants. With regard to extreme scenarios, several contingency actions are defined in order to generate liquidity.

Insurance specific liquidity risk is managed by divisions and foreign subsidiaries. In their liquidity planning, cash inflows and outflows from insurance activities are taken into account. Huge distortions could arise in case of a catastrophe, when payments to clients have to be made, while corresponding payments are not yet received from reinsurers, and for payments from health pooling organisations in the Netherlands. Liquidity risk within Achmea's insurance operations is mitigated through the availability of cash, credit facilities and investments in liquid assets.

Achmea's banking entities main funding sources are securitisations, covered bonds, unsecured funding and retail funding (deposits and savings accounts). Achmea strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities.

Achmea assesses its liquidity risk on an ongoing basis through changes in the funding, which are necessary in order to fulfil, identify and monitor the general strategic business objectives.

For its banking activities, Achmea manages its liquidity risk as part of its internal liquidity adequacy assessment process (ILAAP) at different levels:
- In the short term (overnight to one month), the bank's cash position is managed on a daily basis.
- In the medium term, Achmea measures the net funding requirement (NFR) against different scenarios to control its liquidity risk. The NFR measures the amount of funding needed to fulfil obligations, including any refinancing requirement in the capital market and net increase in assets of the retail business (e.g. mortgages).
- For the long-term, the bank strives for a well-diversified funding base both in terms of maturity and funding sources. Furthermore, the banking entities have adequate liquidity contingency plans in place.

A liquidity barometer is in place to calculate all assets, liabilities and off balance sheet exposures under stress scenarios. The maximum cash outflow is calculated with scenario-based stress tests over the short term (30 - 90 days). Important metrics for the banking entities are the liquidity coverage ratio (LCR), defined as the stock of high quality liquid assets divided by the net cash outflow over a 30-day period, and the net stable funding ratio (NSFR), defined as the available amount of stable funding divided by the required amount of stable funding. Both indicators should be above 100%.

E OPERATIONAL RISK

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.

Operational Risk includes the following 7 categories of risk events and management actions: 1. Internal Fraud, 2. External Fraud, 3. Execution, delivery and process-management, 4. Clients, products and business practice, 5. Business disruption and system failure, 6. Damage to physical assets and 7. Employment practices and workplace safety.

Operational risk framework

Risk assessments are conducted at strategic, tactical and operational levels. Risk assessments are also conducted on specific topics, e.g. in the form of project risk self-assessments. The strategic risk analysis is performed on group level, and also for each business unit. Results of the risk analyses are used as input for scenario analysis, to carry out stress testing for the ORSA, for the assessment of operational risk capital, for the continuous improvement of the Control Framework and for the identification of Risk Issues.

In addition to the risk self-assessments, an Internal Control Framework is used to systematically monitor significant risks and important control measures throughout the organisation. Cross-references are included in the framework to information security, Solvency II, the Achmea Customers Centricity program, the quality seal ‘Customer oriented Insurance’ (KKV) and the In Control Statement (ICS). An Internal Control Statement containing a qualitative description of the risks and the internal control is compiled annually and discussed in the Audit & Risk Committee. Additional policy and procedures apply to specific risk events, such as information security, business continuity and crisis management.

Below the main operational risks and the responses that have been taken are described more specifically.

Risk profile

From the risk assessments and the analysis of internal control a list of the main operational risks is drawn up and if necessary measures are taken. The main risks include risks with respect to information security and cybercrime, reputational risk, pressure on the IT change program, liability risk on products and services and the pressure on the change capacity.

The risks related to cybercrime have increased, especially as a result of malware and denial of service. Risks surrounding the security of websites and privacy sensitive information remain high. The risk of irresponsible behaviour with handling big data is increasing in a world where data become increasingly important.

The reputation of insurers as part of the financial sector is still under pressure. For a long time reputational risks were treated as part of other risk types, but reputational risk is now treated as a separate risk, because everything an insurer does is judged from a social perspective. The activities of Achmea as a health insurer are especially sensitive to reputation issues.

The ICT change program and the digital transformation are of great importance for the success of the organisation in the near future. The change of speed is important, but so is the alignment between business and IT.

Achmea is changing fast and this leads to high pressure on the organisation.

Risk response

The risks with respect to information security and cybercrime are managed with detection tools and network segmentation. The security level of websites is tested. An extensive Security Awareness Program has been started to increase the awareness of personnel for these risks.

Managing reputational risk is supported by regular risk management. The reputation of Achmea is monitored actively. Furthermore, setting up issue and crisis management and attention for reputational pressure increases the attention for protecting reputation. By adequately responding to incidents, Achmea attempts to influence the reputation in a positive direction.

To realise the alignment between IT and business and to make sufficient speed in the IT change program an organisational shift is made to market-orientated IT chains.

A survey has taken place on the change capability, culture and behaviour. The change to becoming the most trusted insurer requires that the values of the company be embedded in the organisational culture and is dependent on the life cycle of the organisation. The survey encourages interventions of, for and by the business which focus on culture, behaviour and change capability.

F COMPLIANCE RISK

Compliance risk is the risk of diminishing reputation or current of future treats to the capital or result of an organisation as a result of a failure to comply with laws and regulations and insufficient adherence to values, norms and (supervisory) rules.

Failing to comply may result in legal- or regulatory sanctions, material financial loss, or reputational damage. Compliance directly contributes to the ambition of Achmea to become the most trusted insurer. This ambition includes a strong focus on customer interests.

Within the organisation, the compliance function is installed at the level of group entities (including OpCo's) and at the Group level.

Compliance is the responsibility of Operational Management, supported by the Divisional Compliance Officer. To support the Executive Board and the coordination group, the central staff department Risk & Compliance is in charge. The Division Compliance Officer is hierarchically under the direction of the division and is functionally controlled by the Group Compliance Officer (GCO).

Compliance is responsible for the identification of compliance issues, creating compliance awareness, providing compliance advice and the communication and monitoring of the compliance risks. Compliance has incorporated frameworks for policies and procedures. Another important element of its activities is the communication with regulators. Where necessary, the line is supported by compliance if Investigations are performed by supervisors. These investigations are increasing both in number and substance and have a significant impact on the activities.

Compliance will enable and supervise management to comply with laws, regulations and internal codes of conduct. Compliance has translated the most important legal provisions into compliance themes within the Achmea Control Framework and based on these themes management performs self-assessments.

Achmea's Laws & Regulation Committee identifies new and amended legislation and determines the impact on the organisation. Implementation is the responsibility of operational management. In case of profound impact on Achmea, the committee will advise the Executive Board to start a comprehensive implementation project.

Compliance records compliance related matters, monitors these and reports on them in a report to the Executive Board and Audit & Risk Committee of the Supervisory Board, biannually.

There is a vast and growing amount of supervisory investigations with a huge impact on the business. Not only from local regulations but also international legislation that becomes applicable such as FATCA, UK Bribery act, European legislation on privacy etc. Much effort is required to assist the regulators in their investigations and this is coordinated by the Laws & Regulation Committee. It will be important to demonstrate that improvements from reported issues are implemented according to plan.

A number of initiatives from the integrated cross-divisional change agenda enhanced the focus on customers' interests. With the assistance of the compliance department the customer policy information has been clarified, the product development process and customer advise processes, have been improved.

A relatively increasing number of incidents relates to privacy issues. This can be explained by the move of Achmea toward a digital insurer and society's increased focus on privacy issues. Risk & Compliance will give more attention to the monitoring of privacy issues and the preparation for the coming European legislation on privacy, including big data initiatives.

50. CAPITAL MANAGEMENT

Achmea’s strategy on funding is based on safeguarding the access to international capital and credit markets at low cost, underpinned by credit ratings in line with our peers. Actual funding activities are centralised and are coordinated at Holding level, even though, in principle, each business is responsible for financing its own business. Achmea can participate in financing the operations, usually through subordinated debt funding and other forms of capital and loans. Other forms of capital instruments such as perpetual hybrid instruments are classified as Other equity instruments in equity and part of Achmea’s capital management.

According to regulations on the supervision of financial conglomerates (based on European Union directives, the so called Financial Conglomerates Directive (FCD)), Achmea's available capital should at least be equal to the sum of required capital of the regulated entities. Different sector rules apply for insurance activities and banking activities. Achmea has set targets for the solvency of the group based on the rules applicable for insurance groups.

(€ MILLION)

	31 DECEMBER 2015	31 DECEMBER 2014
Total equity	10,280	9,818
Deductions	−1,503	−1,060
Subordinated loans	522	527
Available capital	**9,299**	**9,285**
Required capital insurance activities	4,001	3,923
Required capital banking activities	400	354
Required capital	**4,401**	**4,277**
Surplus capital	**4,898**	**5,008**
Ratio available/required capital	**211%**	**217%**

Achmea’s available capital is made up of ordinary equity, preference shares of €311 million (31 December 2014: € 311 million), Other equity instruments consisting of perpetual hybrid instruments amounting to €1,350 million (31 December 2014: €967 million) and Subordinated loans, part of Loans and borrowings, amounting to €522 million (31 December 2014: €527 million). Part of the assets is not eligible as capital and these are presented as Deductions in calculating Available capital.

Deductions include amongst others Intangible assets with an infinite useful life, other prudential filters and a deficit in the WFT Liability Adequacy Test (LAT).

Insurance activities

European Union directives have been issued on capital requirements of insurance companies in order to protect the interests of policyholders. Achmea measures its capital position, based on these requirements and applies more stringent requirements for internal purposes. The internal target levels are set at minimum coverage ratios equal to 175% and 185% of the minimum regulatory solvency requirements for its Dutch Life and Non-life businesses, respectively. For Dutch Health insurance, the minimum coverage ratio is 135% for the basic health insurance entities and 140% for supplementary insurance coverage. The target solvency levels are 200% for Achmea Reinsurance, 175% for Friends First and 130% for the other foreign subsidiaries. At year-end 2015, these internal Solvency I target levels were met except for three foreign entities. Achmea has decided not to deposit any capital into these three companies, since Solvency II became effective on 1 January 2016. The decrease in the solvency ratio at Friends First Life Insurance Company Ltd to 173% is the result of the repayment of a financial reinsurance contract in line with Achmea's policy.

The ratio of Union Zdravotna Poistovna AS is 119%, however local capital is not managed on the Solvency I ratio but on a minimum capital of €16.6 million. Union meets this statutory requirement. Imperio Life Hellenic Insurance has a ratio of 103%, but since this company will be merging in 2016 with Interamerican Hellenic Life Insurance Company S.A., the available capital is deemed to be adequate.

A target solvency level of 190% has been defined for Achmea, based on the Insurance Group Directive, i.e. with deconsolidation of the banking entities.

(€ MILLION)

	31 DECEMBER 2015	31 DECEMBER 2014
Available capital	8,383	8,440
Required capital	4,001	3,923
Surplus capital	**4,382**	**4,517**
Ratio available/required capital	**210%**	**215%**

Achmea's solvency position based on the Insurance Group Directive (i.e. excluding banking operations) decreased to 210% at year-end 2015 (year-end 2014: 215%). Available capital decreased by €57 million, while required capital increased by €78 million. This decrease in available capital is the net outcome of a combination of developments. Revaluations and foreign exchange effects resulted in a decline of €237 million of available capital, and the deficit of the Liability Adequacy Test (LAT) increased by €533 million which has been adjusted in the available capital for supervisory purposes. The calculation of the LAT is based on the ECB AAA, including an Ultimate Forward Rate (UFR). Other negative impacts on available capital were dividend and coupon payments (€63 million)and a transfer of capital to the banking division (€84 million). The available capital was impacted positively by a €383 million profit excluding Banks, a €383 million increase in perpetuals, and a lower adjustment of intangible assets by €90 million versus 2014.

Banking activities

The European Union has issued directives on capital requirements of banks, based on the Guidelines developed by the Basel Committee on banking supervision. Based on these directives, the Dutch Central Bank has issued minimum capital requirements. As of 1 January 2014, banking capital requirements are governed by the Capital Requirements Regulation CRR) as well as the Capital Requirement Directive IV (CRD IV).

Achmea uses the Standardised Model to determine its credit risk. The Total Capital Ratio (TCRI) based on CRR/CRDIV decreased to 17.9% from 19.2 % in 2014, primarily due to the decrease in the risk-weighted assets in relation to the rise of qualifying capital. Our banking activities include Achmea Bank, Staalbankiers, Syntrus Achmea Real Estate & Finance and Syntrus Achmea Vermogensbeheer.

(€ MILLION)

	31 DECEMBER 2015	31 DECEMBER 2014
Core capital - Tier 1	902	817
Supplementary capital - Tier 2	14	28
Qualifying capital	**916**	**845**
Risk-weighted assets	5,110	4,410
Tier-1 Ratio	17.7%	18.5%
BIS Ratio	17.9%	19.2%

51. SUBSEQUENT EVENTS

There are no subsequent events which should be disclosed in the financial statements.

AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS

Zeist, 4 April 2016

The Supervisory Board
E.A.J. (Erik) van de Merwe, Chairman
A.J.A.M. (Antoon) Vermeer, Vice-chairman
P.H.M. (Petri) Hofsté
S.T. (Joke) van Lonkhuijzen-Hoekstra
M. (Mijntje) Lückerath-Rovers
A.C.W. (Lineke) Sneller
A.W. (Aad) Veenman
W.H. (Wim) de Weijer
R.T. (Roel) Wijmenga

The Executive Board
W.A.J. (Willem) van Duin, Chairman
R. (Roelof) Konterman, Vice-chairman
H. (Huub) Arendse, CFO
R. (Robert) Otto
B.E.M. (Bianca) Tetteroo
H. (Henk) Timmer, CRO

COMPANY FINANCIAL STATEMENTS OF ACHMEA B.V.

BALANCE SHEET (BEFORE APPROPRIATION OF RESULT)

(€ MILLION)

	NOTES	31 DECEMBER 2015	31 DECEMBER 2014
Assets			
Intangible assets	2	888	971
Financial fixed assets	3	10,799	9,980
Deferred tax assets	4	35	115
Total fixed assets		**11,722**	**11,066**
Receivables	5	436	346
Cash and cash equivalents	6	299	670
Total current assets		**735**	**1,016**
Total assets		**12,457**	**12,082**
Shareholders' equity			
Issued share capital		434	434
Share premium		10,923	10,923
Share capital		**11,357**	**11,357**
Own shares		–235	–235
Legal reserve		672	670
Revaluation reserve		686	871
Exchange difference reserve		–271	–225
Hedging reserve		–7	–7
Retained earnings		–3,672	–3,608
Profit for the year		383	14
		8,913	**8,837**
Other equity instruments		1,350	967
Equity attributable to holders of equity instruments of the Company	**7**	**10,263**	**9,804**
Liabilities			
Other provisions	8	41	58
Long-term liabilities	9	1,514	1,627
Short-term liabilities	10	639	593
Total liabilities		**2,194**	**2,278**
Total equity and liabilities		**12,457**	**12,082**

PROFIT AND LOSS ACCOUNT

(€ MILLION)

	NOTES	2015	2014
Result of subsidiaries, associates and joint ventures (after tax)		429	181
Other results (after tax)	12	–46	–167
Net profit		**383**	**14**

1. ACCOUNTING POLICIES

General information

In the Company Income Statement of Achmea B.V., use has been made of the exemption pursuant to Section 402, Book 2 of the Dutch Civil Code.

Concerning the Company cash flow statement of Achmea B.V., use has been made of the principle according to Section 360.106 of the Dutch Accounting Standards (RJ).

The legally required list of participations as set forth in Sections 379 and 414 of Book 2 of the Dutch Civil Code has been registered with the Trade Register Midden Nederland.

Principles for the measurement of assets and liabilities and the determination of the result

Achmea B.V. makes use of the option provided in section 362, Paragraph 8, Book 2, Title 9 of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of Net profit applied in the Company Financial Statements of Achmea B.V. are the same as those applied in the Consolidated Financial Statements. By making use of this option the Equity attributable to holders of equity instruments is equal in both the Consolidated Statement of Financial Position and the Company Financial Statements.

Investments in subsidiaries are recognised at net asset value with goodwill, if any, recorded under intangible assets. The Company Financial Statements have been prepared in accordance with Book 2, Title 9 of the Dutch Civil Code.

Reference is made to Note 1 Accounting policies in the Consolidated Financial Statements for a description of the accounting principles used.

All amounts listed in the Company Financial Statements are in millions of euros unless stated otherwise.

2. INTANGIBLE ASSETS

(€ MILLION)

	INTERNALLY DEVELOPED SOFTWARE	DISTRIBUTION NETWORKS [1]	BRAND NAME	VALUE OF BUSINESS ACQUIRED	GOODWILL	OTHER INTANGIBLE ASSETS [1]	TOTAL 2015	TOTAL 2014
Cost								
Balance at 1 January	44	338	134	635	1,298		2,449	2,437
Sale, disposal and decommissioning								
Foreign currency differences		−11			−13		−24	10
Other movements								2
Balance at 31 December	**44**	**327**	**134**	**635**	**1,285**		**2,425**	**2,449**
Amortisation and impairment losses								
Balance at 1 January	44	202	115	583	534		1,478	1,327
Sale, disposal and decommissioning								
Amortisation charge for the year		15	9	37			61	76
Impairment loss								76
Foreign currency differences		−3					−3	3
Other movements		1					1	−4
Balance at 31 December	**44**	**215**	**124**	**620**	**534**		**1,537**	**1,478**
Carrying amount								
At 1 January		136	19	52	764		971	1,110
At 31 December		**112**	**10**	**15**	**751**		**888**	**971**

[1] *In order to ensure consistency in the recognition of the intangible assets, distribution networks, with a carrying amount of €46 million at 31 December 2015 (31 December 2014: €51 million), were reclassified from the category 'Other intangible assets' to 'Distribution networks'. The comparative figures have been adjusted accordingly.*

Reference is made to Note 6 Intangible assets in the Consolidated Financial Statements.

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3. FINANCIAL FIXED ASSETS

(€ MILLION)

	SUBSIDIARIES	ASSOCIATES AND JOINT VENTURES	EQUITIES AND SIMILAR INVESTMENTS	BONDS	DERIVATIVES	LOANS	TOTAL 2015	TOTAL 2014
Balance at 1 January	9,896	83	8		−7		9,980	10,009
Disposals		−1					−1	−5
Investments and loans granted	392			928	7		1,327	1,129
Sales and disposals				−591	−1		−592	−1,171
Annual Results	422	7					429	181
Fair value changes	−195		−2	−4	−1		−202	275
Dividend received	−116						−116	−412
Foreign currency differences	−16	−11		1			−26	31
Accrued interest				5			5	
Unrecognised actuarial gains and losses on employee benefits	9						9	−30
Other changes	−14						-14	−27
Balance at 31 December	**10,378**	**78**	**6**	**339**	**−2**		**10,799**	**9,980**

Equities and similar investments, Bonds and Derivatives are measured at fair value. The fair value of those investments based on quotes in an active market (listed) amounts to €341 million (31 December 2014: €-1 million).

The contractual time to maturity for bonds is less than one year. The effective interest rate of investments in Bonds amounted to 0.11%.

The purchase price as per 31 December 2015 of Equities and similar investments amounts to €6 million (31 December 2014: €11 million).

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4. DEFERRED TAX ASSETS

Deferred tax assets are attributable to the following items:

(€ MILLION)

	BALANCE AT 1 JANUARY 2015	RECOGNISED IN INCOME STATEMENT	OTHER MOVEMENTS	BALANCE AT 31 DECEMBER 2015	BALANCE AT 1 JANUARY 2014	RECOGNISED IN INCOME STATEMENT	OTHER MOVEMENTS	BALANCE AT 31 DECEMBER 2014
Intangible assets	84		–113	–29	90	–23	17	84
Investments	31	–3	–28		30		1	31
Other liabilities		29		29				
Amortisation		35		35				
	115	**61**	**–141**	**35**	**120**	**–23**	**18**	**115**

Achmea B.V. and the majority of its Dutch subsidiaries together form a fiscal unity for corporate income tax and VAT. As a consequence the company is liable for all deferred and current liabilities relating to corporate income tax and VAT. The other movements mainly relate to the transfer between current and deferred taxes as a result of a change in valuation for tax purposes of software.

There are no deferred tax receivables with regard to taxable losses of previous years (31 December 2014: nil).

5. RECEIVABLES

(€ MILLION)

	31 DECEMBER 2015	31 DECEMBER 2014
Subsidiaries	377	316
Deposits with credit institutions		2
Income tax receivables	53	22
Other receivables	6	6
	436	**346**

In line with 2014, Receivables are expected to mature within one year after reporting date.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise bank balances and short term deposits. Cash and cash equivalents are not subject to any restrictions.

7. EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE COMPANY

COMPANY STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2015	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	EXCHANGE DIFFERENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	PROFIT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE COMPANY
Balance at 1 January	**11,357**	**–235**	**670**	**871**	**–225**	**–7**	**–3,608**	**14**	**967**	**9,804**
Net other comprehensive income				–211	–48		9			–250
Net profit								383		383
Comprehensive income				**–211**	**–48**		**9**	**383**		**133**
Appropriations to reserves			2	17			–5	–14		
Dividends and coupon payments							–63			–63
Issue, repurchase and sale of equity instruments									383	383
Other movements				9	2		–5			6
Balance at 31 December	**11,357**	**–235**	**672**	**686**	**–271**	**–7**	**–3,672**	**383**	**1,350**	**10,263**

Reference is made to Note 17 Equity attributable to holders of equity instruments of the company in the Consolidated Financial Statements for more information.

COMPANY STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2014	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	EXCHANGE DIFFERENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	PROFIT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE COMPANY
Balance at 1 January	**11,357**	**–235**	**662**	**576**	**–260**	**–7**	**–3,725**	**352**	**967**	**9,687**
Net other comprehensive income				289	36		–37			288
Net profit								14		14
Comprehensive income				**289**	**36**		**–37**	**14**		**302**
Appropriations to reserves			8	–12			356	–352		
Dividends and coupon payments							–200			–200
Other movements				18	–1		–2			15
Balance at 31 December	**11,357**	**–235**	**670**	**871**	**–225**	**–7**	**–3,608**	**14**	**967**	**9,804**

8. OTHER PROVISIONS

(€ MILLION)

	31 DECEMBER 2015	31 DECEMBER 2014
Other provisions	41	58
	41	**58**

Movements in Other provisions are as follows:

(€ MILLION)

	2015	2014
Balance at 1 January	58	81
Additions	42	9
Usage	−38	−12
Released	−21	−17
Changes due to reclassifications		−3
Balance at 31 December	**41**	**58**

Other provisions mainly relate to legal cases. In line with 2014. Other provisions are of a long-term nature.

9. LONG-TERM LIABILITIES

(€ MILLION)

	31 DECEMBER 2015	31 DECEMBER 2014
Loans and borrowings	1,514	1,627
	1,514	**1,627**

The fair value of long-term liabilities measured at amortised cost at year-end is €1,616 million (31 December 2014: €1,780 million).

In April 2013, Achmea B.V. issued €500 million worth of subordinated loans with a 6% coupon. These subordinated loans have a duration of 30 years (maturity date is 4 April 2043), with a first call option after ten years. The Notes are listed on the Irish Stock Exchange in Dublin, Ireland.

In November 2013, Achmea B.V. completed the issuance of €750 million (transaction costs are included in the carrying amount) of Senior Unsecured Notes. The Notes have a maturity of 7 years (maturity date is 19 November 2020). The coupon on the Notes equals 2.5%. The Notes are listed on the Irish Stock Exchange, Dublin, Ireland.

In May 2013, Achmea B.V. completed the issuance of CHF200 million (€195 million) of Senior Unsecured Notes with a coupon of 1.5%. These Notes have a maturity of 6 years (maturity date is 19 June 2019). The Notes are listed on SIX Swiss exchange.

The syndicated credit facility of Achmea B.V. has a maximum size of €750 million which will mature in 2020.

At year-end 2015, the committed credit lines (€750 million) were undrawn.

In 2015, Achmea B.V. provided a financial guarantee towards a 100% subsidiary related to a transfer of a loans and mortgages portfolio between this subsidiary and another 100% subsidiary. This financial guarantee will indemnify the subsidiary for specific risks, including credit risk and specific legal risks related to this portfolio, with maximum amount over the duration of the financial guarantee of €300 million. The contract for the financial guarantee will end in 2030. The financial guarantee is measured at fair value.

10. SHORT-TERM LIABILITIES

(€ MILLION)

	31 DECEMBER 2015	31 DECEMBER 2014
Subsidiaries	542	501
Other	97	92
	639	**593**

The fair value of Short term liabilities measured at amortised cost at year-end is €635 million (31 December 2014: €589 million).

In line with 2014, Short-term liabilities are expected to mature within one year after reporting date.

11. RELATED PARTY TRANSACTIONS

For an overview of transactions with affiliates, please refer to Note 29 Related party transactions in the Consolidated Financial Statements.

12. OTHER RESULTS

(€ MILLION)

	2015	2014
Other income	20	11
Other expenses	66	178
	–46	**–167**

Information concerning remuneration of the Executive Board and the Supervisory Board is included in Note 29 Related party transactions of the Consolidated Financial Statements.

Included in Other expenses are expenses related to the audit firm responsible for auditing the financial statements of Achmea B.V. (reference is made to Note 43 Operating expenses in the Consolidated Financial Statements).

No impairments are included in Other expenses (2014: €76 million). Reference is made to Note 6 Intangible assets in the Consolidated Financial Statements. There are no reversals of impairments included in Other expenses (2014: nil).

Interest expenses included in Other expenses relate to the issued notes and amounted to €60 million (2014: €85 million).

13. CONTINGENCIES

Contingent liabilities

Achmea B.V. has issued guarantees on behalf of subsidiaries that relate to the activities of these subsidiaries, carried out in their capacity as insurers, credit providers, service providers, employers, investors and tax payers.

Achmea B.V. issued guarantees as mentioned in article 2:403of the Dutch Civil Code, in respect of two investment companies within the group. In addition, Achmea B.V. has given guarantees that the liquidity and solvency of three subsidiaries will be sufficient to continue their operations. Achmea B.V. also issued guarantees, as part of specific tenders for non-life insurance contracts for local Dutch governments, related to the fulfilment of the obligations resulting from these contracts in case of non-performance by the non-life insurance group company.

Achmea B.V. has provided Vereniging Achmea with an indemnity for amounts imposed by the Australian supervisor related to the activities of the Australian branch of Achmea Schadeverzekeringen N.V. in case the Australian supervisor will impose on Vereniging Achmea as a shareholder in one of the ultimate parents of Achmea Schadeverzekeringen N.V. additional obligations and responsibilities relating to these Australian activities. No material losses are expected in respect of this indemnity. Due to its nature, this indemnity is not to be quantified.

In addition, Achmea B.V. has provided Rabobank with an indemnity for amounts imposed by the Australian supervisor related to the activities of the Australian branch of Achmea Schadeverzekeringen N.V. in case the Australian supervisor will impose on Rabobank as a shareholder in one of the ultimate parents of Achmea Schadeverzekeringen N.V. additional obligations and responsibilities relating to these Australian activities. No material losses are expected in respect of this indemnity. Due to its nature, this indemnity is not to be quantified.

In the table below an overview is given of all the contingent liabilities provided by Achmea B.V. on behalf of its subsidiaries. No material losses are expected in respect of these guarantees and indemnities.

CONTINGENT LIABILITIES (€ MILLION)

	31 DECEMBER 2015	31 DECEMBER 2014*
Guarantees	472	590
	472	**590**

* *Adjusted for comparison purposes.*

Contingent assets

Conflict between the Slovak Government and Achmea B.V.

In contradiction of an agreement to encourage investments between the Slovak Republic and The Netherlands, the Slovak government has enforced a ban on the distribution of profit on Slovak health insurers, including Achmea's Slovak subsidiary Union Zdravotná Poist'ovňa A.S., in the period between 2007 and August 2011.

Due to this enforcement Achmea temporarily ceased its operations in its Slovak subsidiary during this period. Achmea sought compensation for the incurred loss and statutory interest paid through an international arbitration tribunal. In December 2012 the arbitration tribunal decided in favour of Achmea. Under this decision The Slovak Government is required to compensate Achmea for damages incurred and the statutory interest paid. The compensation amounted to approximately €25 million.

The Slovak Government has publicly stated that it will not pay the amounts awarded to Achmea and has submitted the arbitration verdict for annulment to a German Court. In the first court hearing, the annulment request of the Slovak Republic has been rejected. The Slovak Government has appealed against this judgment to the Bundes Gerichtshof in Karlsruhe. At this time, Achmea is awaiting the judgment of the Bundes Gerichtshof. Because of the continuing statutory interest, Achmea's claim now amounts to approximately €30 million. In view of the above, Achmea does not consider the receivable amount to be sufficiently certain to recognise it as an asset.

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14. REGISTERED SEAT

Achmea B.V. is seated in Zeist, the Netherlands with address Handelsweg 2, and registered at the Chamber of Commerce, trade register Midden Nederland 33235189.

15. NUMBER OF EMPLOYEES

Other than the Executive Board members, Achmea B.V. did not employ any personnel in either 2015 or 2014.

16. SUBSEQUENT EVENTS

There were no subsequent events which should be disclosed in the financial statements.

AUTHORISATION OF COMPANY FINANCIAL STATEMENTS

Zeist, 4 April 2016

The Supervisory Board
E.A.J. (Erik) van de Merwe, Chairman
A.J.A.M. (Antoon) Vermeer, Vice-chairman
P.H.M. (Petri) Hofsté
S.T. (Joke) van Lonkhuijzen-Hoekstra
M. (Mijntje) Lückerath-Rovers
A.C.W. (Lineke) Sneller
A.W. (Aad) Veenman
W.H. (Wim) de Weijer
R.T. (Roel) Wijmenga

The Executive Board
W.A.J. (Willem) van Duin, Chairman
R. (Roelof) Konterman, Vice-chairman
H. (Huub) Arendse, CFO
R. (Robert) Otto
B.E.M. (Bianca) Tetteroo
H. (Henk) Timmer, CRO

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REQUIREMENTS UNDER THE ARTICLES OF ASSOCIATION FOR APPROPRIATION OF RESULTS

Achmea's Articles of Association contain the following requirements regarding appropriation of results:

The profit will be distributed pursuant to Article 34 of the Articles of Association of Achmea B.V. The provisions of this article can be summarised as follows:

The profit shall be at the disposal of the General Meeting.

Profit may only be distributed to shareholders and other persons entitled to distributable profits to the extent that its equity exceeds the total amount of its issued share capital and the reserves to be maintained pursuant to the law. The distribution of profit must be approved by the Executive Board. The latter will only withhold its approval if it is aware that, or should reasonably be able to anticipate that, the company, upon payment, will not be able to continue paying its due and payable debts.

If the General Meeting decides on the distribution of dividends, first of all, if possible, a dividend equal to 5.5% of the nominal amount shall be paid to preference shareholders.

Subject to the approval of the Supervisory Board, the Executive Board shall be authorised to increase the above mentioned percentage determined at the time of issue each year with a maximum of 1.8%.

If no dividend in cash is distributed, a dividend in the form of preference shares can be resolved upon instead.

If the General Meeting decides on the distribution of dividend and dividend on preference shares has not been paid in previous years, cash dividends shall first be paid to preference shareholders on these previous years, before any distribution can take place on other shares.

TOTAL NET PROFIT IS PROPOSED TO BE DISTRIBUTED AS FOLLOWS:

(€ MILLION)

	2015
Profit after non-controlling interest	383
Dividend on preference shares	17
Coupon payments on other equity instruments	54
Tax on coupon payments on other equity instruments	−14
	326
To be distributed as follows:	
Proposed final dividend on ordinary shares	144
Distribution to retained earnings	182
	326

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ACHMEA SHAREHOLDERS AT 31 DECEMBER 2015

COMPANY	COUNTRY	NUMBER OF SHARES	SHARE % (ORDINARY)	SHARE % (INCL. PREFS)
Vereniging Achmea directly and via				
Stichting Administratie-Kantoor Achmea	The Netherlands	261,537,249	65.30%	61.63%
Rabobank of which				
Coöperatieve Centrale Raiffeisenboerenleenbank B.A.	The Netherlands	116,993,237	29.21%	27.57%
BCP Group of which				
Bitalpart B.V.	The Netherlands	1,000	0.00%	0.00%
Fundo de Pensões de Grupo Banco Comercial Português	Portugal	11,076,699	2.77%	2.61%
Stichting Beheer Aandelen Achmea of which				
Stichting Beheer Aandelen Achmea	The Netherlands	3,665,253	0.92%	0.86%
Gothaer Group of which				
Gothaer Allgemeine Versicherung AG	Germany	2,072,055	0.52%	0.49%
Gothaer Finanz Holding AG	Germany	2,370,153	0.59%	0.56%
Swiss Mobiliar of which				
Schweizerische Mobiliar Holding AG	Switzerland	2,769,246	0.69%	0.65%
Achmea Tussenholding B.V. (preference shares)	The Netherlands	23,904,060		5.63%
Total ordinary shares		**400,484,892**	**100.00%**	
Total ordinary shares and preference shares		**424,388,952**		**100.00%**

The number of shares held by Stichting Administratie-Kantoor Achmea include one A share. Achmea has only issued one A share. There are special rights entitled to the A share. Significant decisions of Achmea's General Meeting can only be made with the approval of the holder of the A share. The Board members of Stichting Administratiekantoor Achmea are Mr. P.F.M. Overmars, Ms. J.L.A. Boogerd-Quaak and Mr. C.W. van der Waaij.

ACHMEA SUBSIDIARIES AND JOINT VENTURES

The legally required list of participations as set forth in articles 379 and 414 of Book 2 of the Dutch Civil Code has been registered with the Trade Register Midden Nederland.

TRUSTEE REPORTS OTHER EQUITY INSTRUMENTS

Trustee Report

EUR 500,000,000 5,125 percent Fixed-to-Floating Rate Perpetual Capital Securities ("the Securities"), ISIN Code NL0000117224, issued by Achmea B.V. ("the Issuer").

Pursuant to article 17 of the trust deed dated 24 June 2005, the undersigned hereby reports on its work during the year ended 31 December 2015.

The Securities are perpetual securities and have no fixed redemption date. The Securities may be redeemed in whole but not in part at the option of the Issuer, at their principal amount together with any Outstanding Payments on the Coupon Payment Date falling on 24 June 2015 (the ‘‘First Call Date’’) or any Coupon Payment Date thereafter, subject, after the Issuer becoming subjected to Capital Adequacy Regulations, to the prior consent of the Dutch Central bank.

The Securities bear a fixed rate of interest of 5.125 per cent per annum on their outstanding principal amount until (but excluding) the First Call Date and thereafter a floating rate of interest. Interest will be payable, in respect of the Fixed Rate Period, annually in arrears on 24 June of each year and thereafter quarterly in arrears on 24 March, 24 June, 24 September and 24 December of each year, subject to Conditions 4 and 5. Payments (excluding the principal sum) may be deferred, as fully detailed in Condition 4.

The Securities were fully redeemed on the First Call Date in accordance with the Conditions and the interest on Securities was paid in accordance with the conditions for Securities.

Amsterdam, 3 February 2016

Amsterdamsch Trustee's Kantoor B.V.

Trustee Report

EUR 600,000,000 6 per cent Capital Securities ("the Securities"), ISIN Code NL0000168714, issued by Achmea B.V. (“the Issuer").

Pursuant to article 17 of the trust deed executed on 5 October 2006, the undersigned hereby reports on its work during the year ended 31 December 2015.

The Securities are perpetual securities and have no fixed redemption date. The Securities bear interest as is specified in the relevant Final Terms. Such interest subject to Conditions 2(b)(i), 2(b)(ii), 4(a), 4(b) and 6(d) will be payable in arrears on each Coupon Payment Date as indicated in the relevant Final Terms.

Subject to Condition 2(b)(i) or 2(b)(ii) the Issuer may redeem all, but not in part, of the Securities on each Coupon Payment Date.

In the year 2015 the interest on the Securities was paid in accordance with the Conditions and the relevant Final terms.

Amsterdam, 2 February 2016

Amsterdamsch Trustee's Kantoor B.V.

STATEMENT OF THE EXECUTIVE BOARD OF ACHMEA B.V.

The Executive Board of Achmea B.V. is responsible for the preparation of the Annual Report 2015, including the Consolidated Financial Statements 2015. The Consolidated Financial Statements 2015 are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The Company Financial Statements 2015 and the Executive Board Report 2015 are prepared in accordance with Book 2, Part 9 of the Dutch Civil Code, and the Financial Supervision Act part 5.1A. The Executive Board reviewed the Achmea B.V. Consolidated and Company Financial Statements on 15 February 2016 and granted permission for submission to the Supervisory Board.

The Executive Board of Achmea B.V. declares that, to the best of its knowledge, the Achmea B.V. Consolidated and Company Financial Statements 2015 give a true and fair view of the assets, liabilities, financial position and profit or loss of Achmea B.V. and that the information contained herein has no omissions likely to modify significantly the scope of any statements made.

The Executive Board of Achmea B.V. also declares that the Executive Board Report 2015 gives a true and fair view of the situation as at 31 December 2015, the development and performance during 2015 and describes the principal risks of the businesses of the Group. The Achmea B.V. Consolidated Financial Statements 2015 and Company Financial Statements 2015 will be submitted to the Annual General Meeting of Shareholders for approval on 20 April 2016.

The Executive Board

W.A.J. (Willem) van Duin, Chairman
R. (Roelof) Konterman, Vice-Chairman
H. (Huub) Arendse, CFO
R. (Robert) Otto
B.E.M. (Bianca) Tetteroo
H. (Henk) Timmer, CRO

Zeist, 4 April 2016

INDEPENDENT AUDITOR'S REPORT

To: the General Meeting and the Supervisory Board of Achmea B.V.

REPORT ON THE FINANCIAL STATEMENTS 2015

OUR OPINION

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Achmea B.V. as at 31 December 2015 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Achmea B.V. as at 31 December 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2015 of Achmea B.V., Zeist ('the company'). The financial statements include the consolidated financial statements of Achmea B.V. and its subsidiaries (together: 'the Group') and the company financial statements.
The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2015;
- the following statements for 2015: the consolidated income statement and the consolidated statements of comprehensive income, changes in total equity and cash flows; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2015;
- the company profit and loss account for the year then ended; and
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

THE BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Achmea B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OUR AUDIT APPROACH

Overview and context

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Executive Board made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Executive Board that may represent a risk of material misstatement due to fraud.

Because business operations and financial processes of the group are highly automated, the IT General Controls ('ITGC') were particularly important in our audit. Therefore we addressed in our audit the continued proper operation of relevant policies and procedures that are used to manage the IT activities. We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of insurance and banking operations. We therefore included specialists in the areas of real estate, actuarial, IT and valuations in our team.

Materiality

- Overall materiality: €43 million which represents 1% of the required capital of the group.

Audit scope

- We conducted audit work in the Netherlands and 4 foreign locations.
- Regular update calls were held with the responsible auditors of all significant operations in the Netherlands. Site visits were conducted to 3 foreign operations: Greece, Ireland and Slovakia. A video conference was held to cover the Turkish operation. We performed file reviews to assess the audit work on significant components.
- Audit coverage: 99% of consolidated revenue and 99% of consolidated total assets.

Key audit matters

- Impairment testing of goodwill
- Non-listed assets and liabilities measured at fair value, valued using market information and significant unobservable input
- Uncertainty in tax position
- Uncertainties in the valuation of assets and liabilities arising from insurance contracts
- Restructuring provision.

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibility for the audit of the financial statements'.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements on our opinion.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	€43 million (2014: €43 million)
How we determined it	1% of the required capital of the group as projected for 31 December 2015 during the planning of the audit. This required capital is determined based on the sum of the required capital of the licensed operations. For the insurance activities the required capital is based on the Solvency I requirements and on the CRD IV requirements for the banking activities. We reassessed the materiality level based on the final outcome as at 31 December 2015 and concluded that this does not require a revision of the overall group materiality. Starting 2016 the solvency requirements for the insurance operations will be based on the Solvency II requirements. We have not audited the capital requirements under this new regulatory framework. We did however assess if the Solvency II positions as determined by Achmea B.V. would lead to a view that the overall materiality should be set at a lower level. Based on this assessment, we concluded that this is not the case.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements and as this is important information for stakeholders, in particular for the regulator (Dutch Central Bank). On this basis we believe that required capital of the company is an important metric for the financial performance of the company. The materiality level applied represents less than 0.5% of the equity of the group and less than 0.05% of the balance sheet total. The profit before tax, because it is relatively low compared to the business volume and balance sheet, is not considered to be a suitable benchmark for determining materiality. We assessed the appropriateness of this consideration by comparing the determined materiality with the materiality amount allocated to our audit for shareholder reporting purposes in the instructions issued by the auditors of the main shareholders of the company.
Component materiality	To each component in our audit scope, we, based on our judgment, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between €2.15 million and €25 million.

We also take misstatements and/or possible misstatements into account that, in our judgment, are material for qualitative reasons.

We agreed with the Supervisory Board that we would report to them misstatements identified during our audit above €2.15 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Achmea B.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Achmea B.V.

The group audit focused on the significant components in the Netherlands and abroad. These components include group entities which are individually financially significant. Each of these components required an audit of their complete set of financial information. Twenty components are considered individually significant to the group. This is primarily determined based on quantitative criteria (>5% of balance sheet total and/or >10% group result before tax), extended based on our assessment of the risk profile of components (qualitative assessment). For four components that are not individually financially significant but that are important to achieve sufficient coverage on individual items, specified audit procedures were performed.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	99%
Total assets	99%
Profit before tax	99%

For the remaining components we performed, amongst others, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components. For the significant components in the Netherlands we performed the audit work. For the international components we used component auditors from other PwC network firms who are familiar with the local laws and regulations to perform this audit work.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole. The group engagement team visits the component teams on a rotational basis. For the 2015 audit we visited the component teams in Ireland, Greece and Slovakia and held a video conference with the component team in Turkey. During those visits we also met with local management and internal audit. The group team also met with the component teams in the Netherlands and with the chief financial officers of those components. Regular calls were held with the auditors of the significant components (both domestically and abroad).

In addition, the group engagement team reviewed the audit work on high risk areas in the files of auditors of the components in scope. The group consolidation, financial statement disclosures and a number of complex items are audited by the group engagement team at the head office. Also IT General Controls in respect of centrally managed platforms are audited by the group engagement team. The group engagement team is further involved in the assessment of the accounting treatment of significant reporting items such as changes in pension schemes, restructuring activities, specific claims and valuation of mortgage portfolios.

By performing the procedures above at components, combined with additional procedures at group level, we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

In prior year we included a key audit matter on the defined benefit pension plan obligations due to adjustments to the scheme that led to settlement of part of the plans in that year. Also specific attention was given that year to recognition and valuation of claims and litigation. The uncertain and potentially material claim that this related to has been settled this year. The company is involved in legal proceedings in respect of a different interpretation of the possible application of the participation exemption under Dutch tax law. This element of the key audit matter has been maintained.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
Impairment testing of goodwill *Refer to note 6 to the consolidated financial statements for the related disclosures.* The company is required to, at least annually, test goodwill for impairment. This area was important to our audit because the assessment process is complex, judgmental and based on assumptions that are affected by unexpected future market or economic conditions, particularly those relating to the cash flow forecast and the applied discount rate. The goodwill of €759 million relates to businesses for which the company assessed that there is substantial headroom. We focused on the risk that the balance may be overstated.	In the evaluation of the assumptions as disclosed in note 6 as well as the methodologies used (value in use) by the company, we used PwC valuation experts to assist us in evaluating the methodology and models used. We evaluated the cash flow forecasts and challenged the company’s underlying assumptions in a discussion with the management of the business involved, taking into account market developments. We also tested forecasted numbers based on the assumptions set. We compared the company’s forecast to the latest board approved plans and we performed back testing as these would give an indication of the quality of the forecasting process. We evaluated and challenged the executive boards’ discount rate used by, amongst others, comparing the components of the rates used with market information on risk free interest rates, volatility and cost of equity. We tested the accuracy of the underlying value in use calculations. We further performed a sensitivity analysis around the key assumptions applied to ascertain the extent of change in those assumptions that either individually or collectively would be required for the goodwill to be impaired. We assessed the adequacy of the disclosures, particularly on sensitivities.

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KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
Non listed assets and liabilities measured at fair value, valued using market information and significant unobservable input *Refer to note 4 to the financial statements for the related disclosures.* The company has non-listed assets and liabilities measured at fair value, valued using market information and significant unobservable inputs, of which €18,048 million represents level 2 assets, €4,144 million represents level 2 liabilities and €5,697 million represents level 3 assets. Further, the company has €452 million of assets valued at fair value on a non-recurring basis. These assets and liabilities are significant in the context of both the overall balance sheet and the results of the group. The valuation of Property for own use, Investment property and non-listed investments is important to our audit as it is highly dependent on estimates (various assumptions and techniques) which contain assumptions that are not observable in the market. In respect of Investment property, the Executive Board uses external appraisers to support its determination of the individual fair value of the properties. All individual properties are valued externally on a yearly basis. The appraised values are determined based on valuation models. Because limited representative transactions in the current market exist it is challenging to validate the appraisal values with transactions and therefore an inherent risk in the appraised values exists. .	We tested the operating effectiveness of controls in place over recording the fair values of assets and liabilities valued using significant unobservable input. Amongst others, we have considered the objectivity, independence and expertise of the external appraisers, assessed the reasonability of the property related data as used by the external appraisers and used our PwC valuation experts to assist us in analyzing the external valuations and determining our own valuation for comparison purposes. In respect of the portfolio of direct and fund investments in private equity and alternative investments we evaluated and tested the procedures to determine the fair value of these investments. The procedures include the assessments of fund net asset value based on the fair value of the underlying investment, valuation statements, independent broker quotes, evidence of underlying financial data and back testing based on information audited by external auditors that becomes available at a later stage. In respect of the banking credit portfolio the procedures are focused on the determination of the future cash flows from this portfolio which includes the non performing risk. We tested the pricing models and inputs used by the company including comparison with market data based on the specific portfolio characteristics. In respect of the mortgage loan portfolio valued at fair value, we focused on testing the appropriateness of the applied discount rate. The company changed its approach in determining the discount rate from a bottom up to a top down approach starting from the consumer market. We assessed the appropriate determination of the market interest rate. We also assessed that this change did not materially alter the outcome. We assessed whether inputs are obtained from market observable data where available. For other inputs we have evaluated the assumption setting process that was followed and tested the information used to set these assumptions. We tested the operating effectiveness of the procedures that assure that the information of the individual loans as used in the valuation is adequate. We assessed the adequacy of the disclosures, particularly on completeness and accuracy of level 2 and 3 assets and liabilities and related sensitivities.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
Uncertainty in tax position *Refer to note 1 to the financial statement for the related disclosures.* The company is involved in a legal procedure in respect of the applicability of the tax exemption on certain results relating to the disposal of activities. The tax authorities adjusted the tax return for the year involved claiming that part of these results are not subject to the participation exemption. The case has been before the court which ruled against the company. Based on the analysis of the verdict and its own position Achmea decided to bring the case to the court of appeal. The tax liability reflects management best estimate of the amounts actually to be paid. The company updated the legal positions with the use of its internal tax advisors and external legal advisors. As a part of our audit, we considered the tax provision important given the related subjectivity and uncertainty in the outcomes of the positions.	We have read the internal position papers and external legal opinions. We used PwC tax specialists to assist us in evaluating the arguments raised from both the company's and the tax authority's position, the tax legislation, the recent verdict and existing jurisprudence to assess the appropriateness of the tax position as included in the financial statements. In respect of this procedure, the company used the exemption as allowed in paragraph 92 of IAS 37 which allows that disclosures may be limited where this might prejudice the position of the company. We agreed that the specific circumstances allow the use of this exemption. The company's position is adequately disclosed.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
Uncertainties in the valuation of assets and liabilities arising from insurance contracts *Refer to note 15, 19, 20, and 49 to the financial statements for the disclosures of the related judgements and estimates.* The calculation of the assets and liabilities arising from insurance contracts is complex, highly judgmental and is based on assumptions which are affected by future economic and political conditions and is also affected by government regulations, in particular regarding healthcare insurance. The assumptions used for the life and pension business relate to risks regarding mortality, longevity, lapse and expense and assumptions used in the liability adequacy test. In 2015, a change in estimate was implemented in respect of the interest rate applied performing the adequacy test. Furthermore the valuation of liabilities arising from life and pension insurance contracts is affected by market discussions on alleged mis-selling issues on investment linked contracts. The assumptions used for non-life business relate to risks regarding catastrophe, lapse, incidence & recovery rates and expense and those used in the liability adequacy test. Furthermore the valuation of the assets and liabilities arising from non-life insurance contracts is affected by government regulations, in particular regarding the (timeliness) disability assessment that leads to claims for the company from workers' compensations insurance (WGA). The main uncertainty in respect of the Healthcare provision results from the declarations to be received from Healthcare providers in respect of legitimate treatments that started before the balance sheet date. The measurement of receivables regarding the Health Insurance Fund is an inherently uncertain process, involving assumptions for national healthcare costs and allocation of healthcare costs to budget parameters. Any change in the assumptions could have an impact on the settlement with the Dutch government (Health Insurance Fund). Furthermore, the measurement of the Onerous Contracts Provision is an inherently uncertain process, involving the budget result 2016 which is highly uncertain as previous years (2013, 2014 and 2015) are not yet settled and include significant uncertainties. The assumptions and uncertainties also apply for the reinsured part. The assumptions require significant executive board's judgment. The company has comprehensive procedures and internal controls in place to determine the value of the assets and liabilities arising from insurance contracts and in performing liability adequacy tests.	We performed tests on the operating effectiveness of the company's procedures to ascertain that the data used in the actuarial valuation is adequate and complete. These procedures include data analysis based on business rules and follow up procedures on exemptions. We performed comprehensive testing of the company's procedures regarding the determination of the assumptions, based on market observable data and actuarial analysis of the technical results during the year compared with the expected outcome based on the assumptions used. We discussed the outcome of the internally prepared analysis with the internal actuaries and the external (certifying) actuary. We challenged the assumptions used, making use of PwC actuarial experts. Our main focus in this area has been on the assumptions used in respect of mortality and future expenses in respect of the life insurance business, the assumptions on future incidence and recovery in disability and worker compensation insurance and the assumptions used to estimate the budget contribution in respect of health insurance business. This year, also specific attention was given to the assumption change applied selecting the interest curve that is best suitable to assess the adequacy of the technical provision for life insurance. We have tested the arguments as given by the company for the reasons why they concluded that the applied curve best represents the nature of the related insurance cash flows. We analysed the differences between the newly applied curve and the curve applied in earlier periods and concurred with the change. In respect of the alleged mis-selling issues on investment linked contracts we tested the existence of agreements reached with consumer organisations and the processing of product changes. We evaluated the procedures applied by the company to identify mis-selling issues and the assessment if these have been appropriately taken into account when setting the provisions. We have tested the company's procedures to estimate the ultimate Healthcare claims to be received. The procedures contain both actuarial projections based on claim development patterns where we have tested the claim data used and an estimated outcome based on the Healthcare contracts agreed with the providers, where we have tested the data used by reconciling them to the contracts. The measurement of receivables is tested by reconciling the information used to internal sources in respect of the profile of the insured population and confirmations received from the Health Insurance Fund in respect of the budget parameters. Furthermore we tested the assumptions with public information such as,for example macro (economic) information from Zorgverzekeraars

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Nederland and how this was translated into the expected impact on budget. Specific attention was given to the investigation performed by the company on an unexpected high balance on the technical provision as part of the year-end closing procedures. It was identified that after processing this year's transactions, a high balance remained on the provision relating to years before 2013. As this indicates potential errors in the processing, we focussed on this matter. We have tested the conclusions of management in respect of both the magnitude and accounting treatment and the subsequent adjustments made to come to the proper position in the financial statements.

With respect to the provision for onerous contracts in the health insurance activities, we tested the assumption setting process that was followed to estimate the claims and future expenses to determine the budget result for each type of policy. We tested the projected expenses to confirm that they did not include expenses already incurred before the balance sheet date. We also tested the accuracy and completeness of the provision assuring that a proper number of anticipated policies for only those categories that are expected to be loss making are included.

Furthermore, we assessed the adequacy of the disclosures.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
Restructuring provision *Refer to note 23 to the financial statements for the disclosures of the related judgements and estimates.* The recognition and valuation of the provisions in respect of restructuring is highly judgmental and assumptions based. The amount is very significant based on the restructuring as announced in late 2013 aimed to result in an approximate 25% reduction of the staff base. The determination of whether or not a present obligation exists is a judgemental process. The actual future expenses to complete the restructuring requires significant estimates. As disclosed in the notes to the financial statement an amount of €116 million was utilised and €52 million was added based on new reorganisation decisions taken and reassessment of the parameters used. At 2015 year end, restructuring provisions of €166 million are recognised in the balance sheet.	We have tested and concur with management's judgment in respect of the existence of a constructive obligation concerning the planned restructure. We tested the decision making process, the existence of sufficiently detailed plans and the communications in this respect. The provision is valued using assumptions on the number of people that can be replaced both internally or externally, the period people will be kept on the payroll without delivering services to the company and the severance payment to be made if no replacement is realised. We have tested these assumptions based on the social plan in place and the past experience of the company based on 12 month rolling figures and the development noticed in that and back tested the assumptions as set in prior year. We concluded that differences between the anticipated developments and the actual developments were adequately taken into account in the valuation of the provision at year end. We further assessed the sensitivity of the provision for changes in the assumptions set. Furthermore, we assessed the adequacy of the disclosures.

RESPONSIBILITIES OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

The Executive Board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Executive Board report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for
- such internal control as Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

OUR RESPONSIBITITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A more detailed description of our responsibilities is set out in the appendix to our report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OUR REPORT ON THE EXECUTIVE BOARD REPORT AND THE OTHER INFORMATION

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Executive Board report and other information):

- We have no deficiencies to report as a result of our examination whether the Executive Board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Executive Board report, to the extent we can assess, is consistent with the financial statements.

OUR APPOINTMENT

We were appointed as auditors of Achmea B.V. on 29 April 2011 by the Executive Board following the passing of a resolution by the shareholders at the annual meeting held on 6 April 2011 and has been renewed by shareholders in 2015 representing a total period of uninterrupted engagement appointment of 5 years.

Amsterdam, 4 April 2016
PricewaterhouseCoopers Accountants N.V.
Original signed by G.J. Heuvelink RA

APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2015 OF ACHMEA B.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

THE AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Executive Board.
- Concluding on the appropriateness of the Executive Board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Independent assurance report

To: the General Meeting and Supervisory Board of Achmea B.V.

OUR ASSIGNMENT

The Executive Board of Achmea B.V. , Zeist ('the company'), engaged us to provide assurance on the Achmea Annual report 2015 as presented on page 2 to 97 ('the Report).

Our engagement consisted of providing a combination of limited assurance over the Report (leading to a 'conclusion'), as well as providing reasonable assurance over the chapters 'Our employees' on page 37 to 40 and 'Our financial results' on page 49 to 74 (leading to an 'opinion'). We believe our engagement fulfils a rational objective as disclosed by the company in the chapter 'About this report'.

OUR REPORT

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Report for the year ended 31 December 2015 does not provide a reliable and appropriate presentation of the company's financial and non-financial policies, activities, events and performance during the reporting year, in accordance with the reporting criteria.

Our opinion

Based on the procedures we have performed and the evidence we have obtained, in our opinion the chapters 'Our employees' on page 37 to 40 and 'Our financial results' on page 49 to 74 of the Report for the year ended 31 December 2015 are, in all material respects, presented reliably and adequately, in accordance with the company's reporting criteria.

This conclusion and opinion are to be read in the context of the following content of our report.

What we are assuring

We have reviewed the Report as presented on page 2 to 97 of Achmea B.V., Zeist. The Report comprises a representation of the financial and non-financial policy, activities and performance of the company relating to the development during the reporting year 2015. The disclosures made by management with respect of the scope of the Report are included in chapter 'About this report' on page 10 to 11.

Limited assurance, leading to the above-mentioned conclusion, is substantially less in scope than reasonable assurance in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

In addition to our review procedures, we have performed reasonable assurance procedures over the following chapters in the Report:
- 'Our employees' on page 37 to 40;
- 'Our financial results' on page 49 to 74.

Reasonable assurance, leading to the above-mentioned opinion, is expressed on the figures as well as the assertions in the surrounding text on the scope in these chapters.

THE BASIS FOR OUR CONCLUSION AND OPINION

Professional and ethical standards applied

We conducted our engagement in accordance with Dutch law, including Standard 3000 'Assurance engagements other than audits or reviews of historical Financial Information' (hereafter 'Standard 3000') and Standard 3810N 'Assurance engagements relating to sustainability reports' (hereafter 'Standard 3810N'). Our responsibilities under these standards are further described in the "Our responsibilities" section of our report.

We are independent of the company in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

Limitations in our scope

The Report contains prospective information, such as ambitions, strategy, targets, expectations and projections. Inherent to this information is that actual future results may be different from the prospective information and therefore it may be uncertain. We do not provide any assurance on the assumptions and feasibility of this prospective information.

Furthermore, the following information has been excluded from our assurance scope:
- The Report contains references to information on the Achmea website. This information is excluded from our assurance scope.

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- The report includes information on the changes in liquidity position at holding company level (page 69). This part has not been reviewed and is excluded from our assurance scope.
- The Report includes information on Solvency II (page 68) and new business (page 58). All data and graphs related to this information have not been reviewed and are excluded from our assurance scope.
- The Report includes the chapter 'Report of the Supervisory Board' and 'Biographies Board Members' on page 76 to 84 and page 94 to 97. These parts have not been reviewed and are excluded from our assurance scope.

The auditor is not expected to, and cannot, reduce audit risk to zero and cannot therefore obtain absolute assurance that the Report is free from material misstatement due to fraud or error. This is because there are inherent limitations of an assurance engagement, which result in most of the audit evidence on which the auditor bases the auditor's opinion being persuasive rather than conclusive.

Reporting criteria

Achmea developed its reporting criteria on the basis of the G4 Guidelines of the Global Reporting Initiative (GRI), Article 391 of Part 9 of Book 2 of the Dutch Civil Code and the Governance Principles as per 1 July 2013 of the Dutch Association of Insures. Detailed information on the reporting criteria are disclosed in the reporting scope in chapter 'About this report' on page 10 to 11 of the Report. We consider the reporting criteria to be relevant and appropriate for our examination.

Understanding reporting and measurement methodologies

The information in the scope of this engagement needs to be read and understood together with the reporting criteria, which Achmea is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw, to evaluate and measure (non-) financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

OUR ASSURANCE APPROACH

Materiality

We set thresholds for materiality at the planning stage and reassessed them during the engagement. These helped us to determine the nature, timing and extent of our procedures and to evaluate the effect of identified misstatements on the information presented, both individually and in aggregate. Based on our professional judgment, we determined specific materiality levels for each element of the Report. When determining our materiality thresholds, we considered the relevance of information for both the stakeholders and the company based on the materiality assessment of the company.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Report. Our work was carried out by an independent and multi-disciplinary team (which is part of the group audit engagement team) with experience in sustainability reporting and assurance.

Our most important procedures related to the Report included the following:

- performing an external environment analysis and obtaining insight into the industry, relevant social issues, relevant laws and regulations and the characteristics of the organisation;
- evaluating the acceptability of the reporting policies and consistent application of this, such as assessment of the outcomes of the stakeholder dialogue and the process for determining the material subjects, the reasonableness of estimates made by management, as well as evaluating the overall presentation of the Report;
- evaluating the design and implementation and testing the operating effectiveness of the systems and processes for data gathering and processing of information as presented in the Report;
- interviewing management and relevant staff at corporate and division level responsible for the corporate responsibility strategy and policies;
- interviews with relevant staff responsible for providing the information in the Report, carrying out internal control procedures on the data and the consolidation of the data in the report;
- investigating internal and external documentation, in addition to interviews, to determine whether the information in the Report is adequately substantiated;
- performing analytical review of the data and trend explanations submitted for consolidation at group level;
- assessing the consistency of the information in the Report not in scope for this assurance report;
- assessing whether the corporate responsibility information has been prepared 'in accordance' with the Sustainability Reporting Guidelines version G4 of GRI.

In addition to the procedures mentioned above, for the information in the chapters 'Our employees' and 'Our financial results' we performed the following:

- assessing the systems and processes for data gathering, including testing the design, existence and the effectiveness of the relevant internal controls during the reporting year;
- conducting analytical procedures and substantive testing procedures on the relevant data;
- assessing the processing of other information, such as the aggregation process of data into the information as presented in the Report;
- corroborating internal and external documentation to determine whether the Report is substantiated adequately.

RESPONSIBILITIES

Responsibilities of the Executive Board

The Executive Board of the company is responsible for the preparation of the Report in accordance with the company's reporting criteria, including the identification of the stakeholders and the determination of material subjects. Furthermore, the Executive Board is responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Our responsibilities

Based on our assurance engagement in accordance with Standard 3000 and Standard 3810N, our responsibility is to:

- express a conclusion on the information in the Report; and
- express an opinion on the information in the chapters 'Our employees' on page 37 to 40 and 'Our financial results' on page 49 to 74 in the Report.

This requires that we comply with ethical requirements and that we plan and perform our work to obtain limited respectively reasonable assurance about whether the report is free from material misstatement.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant for the preparation of the Report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An assurance engagement aimed on providing limited and reasonable assurance also includes evaluating the appropriateness of the reporting framework used and the reasonableness of estimates made by management as well as evaluating the overall presentation of the Report.

Amsterdam, 4 april 2016
PricewaterhouseCoopers Accountants N.V.

Original signed by drs G.J. Heuvelink RA

APPENDICES

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Algemeen Pensioenfonds (APF; General Pension Fund)
APFs are new players in the second pillar of the Dutch pension market and are not restricted to a specific area. This allows General Pension Funds to combine and administer pension schemes of different employers or pension funds. This may result in economies of scale and cost benefits, while still maintaining control over the pension scheme.

Annual Premium Equivalents (APEs)
The total amount in annual premiums from new regular premium business plus 10% of the total amount of single-premium business written during the year and included in the new business count.

Asset-backed securities
Financial instruments financed with cash flow generated by an asset portfolio, with the assets having been provided as business security.

Assets under Management (AuM)
The market value of all the investments managed on behalf of third parties.

Basic health insurance
Compulsory health insurance, mandatory for all residents of the Netherlands. This represents the cover provided by the basic health insurance, consisting of a standard package of healthcare services considered essential by the Dutch government.

Carbon footprint
The total amount of greenhouse gases emitted by an organisation. The carbon footprint covers all relevant processes of an organisation that affect climate.

Circular economy
The shift from ownership to usage (e.g. leasing arrangements), as well as the re-use of products (products as raw materials) as a solution to scarcity of raw materials.

Claims ratio
The claims ratio is claims, including claims handling costs, expressed as a percentage of net earned premiums.

Collateral
An asset pledged by a borrower to secure a loan and subject to seizure in the case of default.

Combined ratio
The combined ratio is a measure of profitability used by insurance companies to indicate how well they are performing in their day-to-day operations. A ratio below 100% indicates that the company is making underwriting profit while a ratio above 100% means it is paying out more money in claims that it is receiving from premiums. The combined ratio is the sum of the claims ratio and the expense ratio.

Compliance
Compliance refers to the process of ensuring that laws and regulations are adhered to within an organisation. The purpose of compliance is to manage compliance risk and reduce any loss arising from such risk.

Corporate Governance
Corporate Governance refers to the way in which companies are governed, and involves maintaining a system of checks and balances within corporations. It refers to a combination of governing, managing, supervising and accounting for the company's policies to a number of different stakeholders, including customers, employees, business partners and shareholders.

Corporate Social Responsibility (CSR)
By engaging in Corporate Social Responsibility (also known as 'sustainable business'), we demonstrate that we are responsible for the quality of life in society and the communities in which we operate. This means being a responsible member of the community through charitable actions, which may include encouraging and facilitating volunteer work by employees.

Counterparty default risk
The risk to each party of a contract that the counterparty will not live up to its contractual obligations. Achmea is exposed to many counterparties in the area of investments, treasury, banking, reinsurance, healthcare providers, intermediaries, and policyholders.

Covered bonds
Debt instruments secured by a cover pool of mortgage loans, which provide bond holders with additional security.

Credit default swap (CDS) spread
A CDS is a contract between two parties that involves the transfer of third-party credit risk. It can be used as insurance for a bond investment portfolio, whereby, if the bond issuer defaults on repayment of the loan amount, the credit default swap compensates for this loss. The spread of a CDS is an indication of the risk associated with the swap, i.e. the difference between the expected yield of the CDS and the yield of the bond.

Credit risk
The risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Defined benefit pension plan (DB)
A type of pension plan in which an employer commits to paying a specified monthly benefit to its employees on retirement. The amount to be paid for the pension entitlement is set using a formula that is usually based on the employee's income and length of service.

Defined contribution pension plan (DC)
A type of pension plan under which an entity (a

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company) pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to meet its obligations to its current and future beneficiaries.

Derivatives
Financial instruments whose price depends on, or is based on, one or more underlying assets. Its value is determined by fluctuations in the underlying asset.

Dutch Association of Insurers (Verbond van Verzekeraars)
The Association of Insurers is an interest group comprised of private insurance companies operating in the Dutch market. The Association, whose members collectively represent more than 95% of the domestic insurance market, is an independent entity governed and funded by its members.

ECB AAA Curve
Yield curve based on government bonds issued by Eurozone countries with a Fitch AAA rating set by the European Central Bank.

Engagement (also known as 'enhanced engagement')
Engagement (also referred to as 'enhanced engagement') is a form of responsible investment whereby investors take on the role of active shareholders, entering into a dialogue with investee companies regarding sustainability issues.

ESG
The Environmental, Social and Governance aspects of an organisation that must be taken into account in order to conduct specific processes, including the investment of premium funds, in a socially responsible manner.

Exclusion (relating to responsible investing)
Exclusion refers to the practice of refraining from investing in specific companies, e.g. those engaged in the manufacture of products regarded as controversial by the Dutch government, e.g. producers of cluster bombs, land mines, and biological and chemical weapons.

Execution only
Execution-only services refer to services whereby customers select their own insurance products, including all product options, without seeking actual advice from the insurer.

Expense ratio
The expense ratio is operating expenses, including internal costs of handling claims, less internal investment expenses and less restructuring provision expenses, expressed as a percentage of net earned premiums

FSC-certified
FCS, the Forest Stewardship Council, is an international organisation, established in 1993, dedicated to promoting responsible forest management. FSC sets global standards for forest management and provides certification (in the form of a seal of approval) to companies for their efforts in this area.

Global Reporting Initiative (GRI)
International organisation that sets guidelines for sustainability reporting.

Goodwill
The amount of future economic benefits arising from assets that are not capable of being individually identified and separately recognised as an asset in a business combination.

Gross written premiums (GWP)
Total premiums on insurance and reinsurance contracts in a given period.

Impairment
The amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The asset's carrying amount is reduced to its fair value and recognised in profit and loss.

Insurance Contract
A contract under which one party (the insurer) accepts an insurance risk from another party (the policyholder) by agreeing that the policyholder will receive compensation if a specific future event (i.e. the insured event) adversely affects the policyholder.

Insurance risk
Risk transferred by a contract holder to the issuer. As a result of its broad insurance product range, Achmea is exposed to life risk, non-life risk, income risk and health risk.

Insurers' Code
The Dutch Association of Insurers published the Governance Principles for Insurers on 15 December 2010, also known as the 'Insurers' Code'. It sets out the principles of corporate governance, risk management, auditing and remuneration policy for Dutch insurance companies.

Intangible asset
An identifiable, non-monetary asset without physical substance.

Integrity (corporate ethics)
Integrity or corporate ethics refers to acting in a conscientious manner and in line with the applicable codes of conduct. It includes not conducting business with organisations and/or individuals that are guilty of corruption and/or fraud and also covers the way fraudulent claims are handled.

Interest rate risk
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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International Financial Reporting Standards (IFRS)
Reporting standards and interpretations for companies adopted by the International Accounting Standards Board (IASB). These comprise: International Financial Reporting Standards (IFRS); International Accounting Standards (IAS); and Interpretations by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

Liability Adequacy Test (LAT)
An assessment of whether the carrying amount of an insurance liability needs to be increased (or the carrying amount of related deferred acquisition costs or related intangible assets decreased), based on a review of future cash flows.

Liquidity risk
Liquidity risk constitutes the risk that actual and potential payments and obligations cannot be fulfilled at the time of their maturity.

Market risk
Market risk refers to the risk that an entire market or asset class declines, which can potentially affect the price and value of the assets in the portfolio.

Micro-insurance
Micro-insurance products are designed for the most deprived populations in developing countries. These insurance policies offer very low premiums, while the sum insured is low as well.

Mortgage-backed securities
Mortgage-backed securities are a type of asset-backed security that is secured by a mortgage or collection of mortgages.

Operating expenses
All expenses associated with selling and administrative activities (excluding commissions) after reallocation of claim handling expenses to benefits paid.

Operational risk
The risk that losses may occur from the inadequacy or malfunctioning of internal processes or systems, or external events.

Option
A financial instrument that conveys the right to buy (call option) or a right to sell (put option) a security at a reference price during a specified time frame.

Parent company
An entity that has control over one or more other companies (the subsidiary).

Principles for a controlled remuneration policy
The principles for a controlled remuneration policy, as set by supervisors the Dutch Central Bank (DNB) and the Netherlands Authority for the Financial Markets (AFM), serve as the basis for evaluating the remuneration policies of financial companies. The principles and supervision on this policy are aimed at countering the incentives which could potentially result in undesired and irresponsible risks being taken, which, in turn, could cause customer interests to be neglected.

Principles for Responsible Investment (PRI)
Launched in April 2006, the United Nations Principles for Responsible Investment (PRI) represent a framework for institutional investors and aim to help integrate environmental, social and governance issues by institutional investors into their investment policies. Further information is available at www.unpri.org.

Principles for Sustainable Insurance (PSI)
The United Nations Principles for Sustainable Insurance (PSI) are a standards framework for insurance companies designed to incite the insurance industry to consider environmental impact, social living conditions, transparency, customer interests and corporate governance in its business operations. The PSI were launched in 2012. Further information is available at www.unepfi.org.

Private equity
An asset class consisting of equity securities of companies that are not publicly traded on a stock exchange.

Prudent remuneration policy
A prudent remuneration policy attempts to find a balance between compensation that is commensurate with the abilities and level of responsibility of our people, international standards and rules, and the expectations of our stakeholders and customers.

Quality seal for customer-oriented insurance (Keurmerk Klantgericht Verzekeren)
Quality seal awarded to insurers that have achieved high standards in services and customer focus. Further information is available at www.keurmerkverzekeraars.nl.

Responsible investment
Responsible investment (also referred to as 'socially responsible investment' or 'ethical investment') is a form of investment whereby financiers consider the impact on human beings and the environment in their investment decisions.

Socially accepted return
In order to achieve a socially accepted return, it is important to find a balance between implementation

costs, profit and solvency on the one hand and the amount of the premiums on the other hand. There is a public interest, in particular, in privatised collective provisions such as the basic health insurance.

Solvency
Solvency expresses the degree in which insurers are able to meet their future obligations. All insurance companies are required by law to maintain a specific solvency margin as a safety margin (required solvency margin). This is regulated by the Dutch Central Bank, thereby providing additional security to policyholders. If an insurance company's actual solvency margin is equal to the minimum solvency requirement, the solvency ratio is 100%, while if an insurer maintains a higher safety margin, the solvency ratio exceeds 100%.

Solvency II (SII)
Solvency II is a European Union legislative initiative that became effective in all EU Member States on 1 January 2016. The initiative introduced a new, standardised regulatory regime for insurers across Europe and contains legislation regarding insurance solvency and risk convergence.

Spread
The difference between the current bid and the current ask or offered price of a given security.

Stakeholders
Stakeholders are individuals or entities that have a stake in an organisation of whatever nature. They are involved in the organisation's activities, share in its profits, influence its performance and assess its economic, social and environmental impact. Achmea focuses mainly on four stakeholder groups: our customers, our employees, our partners and our shareholders.

Subordinated debt
Loans (or securities) that rank after other debts should the company fall into receivership or be closed.

Supplementary health insurance
The supplementary health insurance is a voluntary additional cover to the basic insurance cover, covering medical expenses.

Third-party companies
Third-party companies include the following Achmea subsidiaries of which the social and environmental aspects are not registered at the central level:
- Eurocross Assistance Netherlands B.V., Eurocross International Bulgaria, Eurocross International Central Europe S.R.O.
- De Friesland Particuliere Ziektekostenverzekeringen N.V., De Friesland Verzekeringen B.V., De Friesland Zorgverzekeraar N.V., DFZ Participaties B.V., DFZ Personeel B.V., DFZ Tussenholding B.V.
- Friesland Bank Assurantiën B.V.
- Independer.nl N.V., Independer Services B.V.
- InShared Holding B.V., InShared International B.V., InShared Nederland B.V., InShared Services B.V.
- Klant Contact Services B.V.
- OZF Achmea Zorgverzekeringen N.V.
- Pim Mulier B.V.
- Practis B.V.
- Residex B.V.
- Winnock Zorg B.V.

Ultimate Forward Rate (UFR)
The Ultimate Forward Rate (UFR) represents the notional interest rate after the last liquid point (LLP) in the forward swap market. It is a risk-free notional interest rate used for long-term contracts which are undertraded due to the long period of time involved. The UFR is used for a variety of purposes, including the valuation of specific long-term contracts and to calculate the solvency ratio.

Unit-linked contracts
Life-insurance contract which involves investing in an investment fund through the purchase of units. There is often a choice between equity, bond and mixed funds.

United Nations Universal Declaration of Human Rights
Adopted and proclaimed by the General Assembly of the United Nations on 10 December 1948, the United Nations Universal Declaration of Human Rights sets out the fundamental rights of all people and is a key element of many organisations' codes of conduct as part of their supply-chain responsibility policies.

INTRODUCTION

More than ever before, we live in a society affected by economic, social and political change. At the same time, we are faced with climate change, loss of biodiversity and depletion of natural resources. These are some of the challenges the world faces and which the business community is increasingly being called upon to help resolve. Achmea assumes its share of responsibility: together with our stakeholders, we have set a number of priorities when it comes to fulfilling our public role. At the same time, we are also looking to seize opportunities to develop new products which will allow us to remain relevant to our customers in the future. This is consistent with the role Achmea has traditionally played in society and which stems from the company's origins: cooperatives, partnerships between employers and employees, healthcare funds and public organisations.

REGULAR CONTACT WITH STAKEHOLDERS

Achmea aims to build and maintain close relationships with all its stakeholders. Based on a four-stakeholder model, Achmea routinely consults with its customers, employees, business partners and shareholders. We closely monitor social trends and changes in society, which can potentially also entail long-term change. Achmea regularly meets with customers through the members of Vereniging Achmea (Achmea Association), as well as meeting with key clients and business partners twice a year (advice and insurance councils). The company communicates with its employees through the various Works Councils, in regular meetings with unions, through the intranet, in personnel sessions, and through other channels. In addition, regular meetings are scheduled with insurance agents and insurance brokers, social partners, regulators and the government.

Social trends and stakeholder communications serve as the basis for identifying the main policy issues on which Achmea reports. In 2015 we launched an in-depth process in which we consulted internal and external stakeholders with the request to identify the issues they feel are of particular relevance to Achmea. In 2016, we will be setting a number of clear priorities for fulfilling our role in society, in which the results of the stakeholder survey will play a key role. For the stakeholder survey, we used our four-stakeholder model as a basis for internal and external stakeholders to check which issues are material to Achmea, as well as to collect additional ideas and opinions about Achmea's public role.
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PROCESS

Step 1 – Identifying the issues

We have launched an extensive survey based on a variety of sources, including desk research, conferences, publications, regular interaction with stakeholders, and so on, resulting in a total of sixty topics. Achmea's Executive Board has established a total of 20 material issues to be presented to the stakeholders; they have been asked to prioritise these issues.

Step 2 – Identification by stakeholders

We have divided our internal stakeholders into two groups: executive management and all other employees. A total of twenty-five members of the executive management were interviewed as part of the survey. First, a sample online survey was conducted among employees, which was completed by a total of 153 people.

The external stakeholders have been carefully selected from the four stakeholder groups, complemented with stakeholders who are experts and/or represent specific social trends and developments: academics, scientists and other experts, NGOs and interest groups. All external stakeholders have been interviewed.

Respondents in both the sample survey and the interviews were asked to prioritise the 20 subjects submitted. The interviews included a number of additional questions about topics such as our role in society, our current performance and our ability to adapt, while the respondents were also asked whether they felt any topics were missing.

Step 3 - Materiality Matrix

Based on stakeholder input, the twenty topics that are most important to our stakeholders have been included in our materiality matrix. Topics are earmarked as material if they are relevant to our stakeholders and could potentially have significant consequences for Achmea. The greater the impact of the issue on both society and Achmea's operations, results and strategy, the greater the materiality of the topic. In order to remain relevant as a company and to be able to implement our strategy, we will ensure that these topics are expressed in our operations and management. Our Materiality Matrix is included in the chapter on strategy on page 20 of this Annual Report.

SUMMARY OF THE MAIN RESULTS

Materiality

Creating value for our customers is the top priority for both internal and external stakeholders. They view this value first of all in terms of healthcare and retirement provision, plus the combination of housing and healthcare.

Next to creating value, the external stakeholders regard the following topics as important:
- Responsible investment
- New forms of solidarity
- Circular economy

For the internal stakeholders, these are:
- Integrity
- Corporate Social Responsibility (CSR)
- Economic performance

It is worth noting that ‘Integrity’ ranks high with internal stakeholders. Remuneration policy and climate-related products and services rank relatively low among all stakeholders, even though these topics have been part of the public debate for some time.

Responses collected from the interviews

Noblesse Oblige
Both internal and external stakeholders have high expectations of Achmea. This is explained through Achmea’s profile. On account of its cooperative origins, Achmea is being regarded as a company that prefers social value to high returns. Nearly 80% of all stakeholders feel that “helping to find solutions to social issues” is the most important added value.

Focus
All stakeholders point out the importance of maintaining a clear focus. Their advice is to select a small number of areas, and then make a difference in these areas through policies, products and services.

Let your voice be heard
Our external stakeholders feel that Achmea should play an active role in the public debate on issues that affect Achmea and its customers. They define it as follows: “Take the initiative, take part in current debates, and influence the discussion”.

Prevention is best
Prevention is important, and external stakeholders feel that customers should be supported in preventing illness and financial losses. Achmea can achieve the most positive social impact by ‘sharing expertise and available data relating to risks’.

Put your money where your mouth is
External stakeholders note the importance of responsible investment. This is particularly about the impact a major institutional investor such as Achmea can have on socially desirable trends and developments. These include healthcare, sustainable energy, sustainable real estate, and so on.

Big is beautiful
All stakeholders feel it is Achmea’s comprehensive structure that makes it such a strong organisation. Achmea should use this strength by combining its knowledge and products to resolve issues related to healthcare, pensions and housing.

Remain alert
Our external stakeholders have warned us about the danger of underestimating the challenges we face around the world, including longevity, climate change, scarcity of raw materials, growing healthcare expenses, and so on.

Next step

This survey sets out the ideas and opinions of our stakeholders about Achmea. It shows what our stakeholders believe is important, what they expect from Achmea, where they perceive risks and opportunities, what they feel could be improved, etc.

It is the delivery of the first stage of a process that should result in selecting a number of key issues to be used by Achmea and its brands to position themselves both in the public debate and in the business.

The first result of the study, the Materiality Matrix, is included in this Annual Report. The first stage is completed with the discussion by the Executive Committee of the main results of the survey in the first quarter of 2016, followed by a decision about the next stage of the process.

The second stage should result in a widely supported choice of social issues that should allow Achmea and its brands to stand out in the market. During a subsequent stage, the social impact will then also be revealed.

1 2 3 4 5 6 7

Additional information regarding complaint procedures and customer surveys (in relation to the Customer-Oriented Insurance quality seal) is available on the websites of participating insurance brands (web links are included in the table).

CUSTOMER SATISFACTION SURVEYS (commissioned by the Dutch Association of Insurers (Verbond van Verzekeraars))

	CUSTOMER-ORIENTED INSURANCE QUALITY SEAL	consumer market						business market					
		NON-LIFE*		HEALTH**		LIFE*		NON-LIFE***		INCOME***		LIFE***	
		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Avéro Achmea	KKV	7.4	7.5	7.5	7.6	-	7.1	7.4	7.3	7.2	7.1	5.5	6.4
Centraal Beheer	KKV	7.7	7.7	-	-	7.2	6.6	7.5	7.7	7.1	7.2	6.7	7.1
De Friesland		-	-	8.1	7.9	-	-	-	-	-	-	-	-
FBTO	KKV	7.9	7.7	8.1	7.9	7.5	7.5	-	-	-	-	-	-
InShared	KKV	-	-	-	-	-		-	-	-	-	-	-
Interpolis	KKV	7.9	7.8	7.8	7.8	7.4	7.6	7.4	7.3	7.3	7.2	-	-
OZF Achmea	KKV	-	-	8.0	8.2	-	-	-	-	-	-	-	-
Pro Life	KKV	-	-	8.1	8.2	-	-	-	-	-	-	-	-
Zilveren Kruis	KKV	-	-	7.4	7.7	-	-	-	-	-	-	-	-
Average of Achmea brands		**7.7**	**7.7**	**7.9**	**7.9**	**7.4**	**7.2**	**7.4**	**7.4**	**7.2**	**7.2**	**6.1**	**6.8**
Average for all insurers******		**7.7**	**7.7**	**7.9**	**7.9**	**7.2**	**7.0**	**7.3**	**7.3**	**7.0**	**7.1**	**6.3**	**6.5**

** Source: Dutch Association of Insurers, consumer satisfaction surveys consumer market Non-Life and Life. Multiclient survey was conducted by GfK in 2014 and 2015*

*** Source: SAMR, Klantenmonitor Zorgverzekeringen (Survey of Dutch health insurance consumers), 2014 and 2015. Multiclient survey.*

**** Source: Dutch Association of Insurers, consumer satisfaction surveys business market. Multiclient survey was conducted by SAMR in 2014 and 2015*

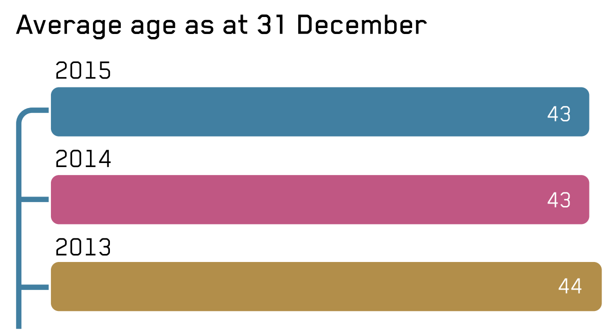
***** In determining the average score of all the insurers, fewer, more and / or other insurers may have been included. This may explain differences between the years.*

HEADCOUNT AS AT 31 DECEMBER	2015		2014		2013	
	FTES	EMPLOYEES	FTES	EMPLOYEES	FTES	EMPLOYEES
Achmea staff employed by De Friesland Zorgverzekeraar	71	84	78	92	79	93
Achmea Corporate Relations	41	43	44	45	137	143
Achmea Bank	304	337	297	332	259	294
Centraal Beheer Achmea	874	988	853	971	858	986
Central Services	1,158	1,309	1,264	1,429	1,282	1,450
International Division	28	27	34	33	37	36
Pension & Life (including Service Organisation for Life)	678	758	789	890	678	763
Non-Life & Income Division	2,155	2,432	2,269	2,562	2,344	2,647
Finances	334	357	370	392	399	423
IM&IT	1,625	1,693	1,752	1,817	1,792	1,853
Interpolis	366	402	383	419	475	455
HR	118	126	133	142	205	226
Staalbankiers	112	119	135	145	135	144
Syntrus Achmea	-	-	1,131	1,196	1,217	1,296
Syntrus Achmea Pension Management	599	642	-	-	-	-
Syntrus Achmea Real Estate & Finance	303	315	-	-	-	-
Syntrus Achmea Asset Management	177	181	-	-	-	-
Zilveren Kruis	2,124	2,468	2,378	2,788	2,630	3,104
Miscellaneous	707	785	807	918	937	1,060
Subtotal for Achmea in the Netherlands, excluding third-party companies	**11,772**	**13,066**	**12,717**	**14,171**	**13,464**	**14,973**
De Friesland	492	591	514	606	491	-
EuroCross International	24	27	22	25	21	-
Independer	209	230	186	214	181	-
InShared	41	41	34	35	31	-
Customer Contact Services	227	285	508	695	248	-
OZF	23	30	24	32	25	-
Pim Muller	9	10	10	12	15	-
Winnock	96	125	96	124	96	-
Divested business units	-	-	-	-	342	-
Subtotal for third-party companies	**1,121**	**1,339**	**1,394**	**1,743**	**1,450**	**-**
Subtotal for Achmea in the Netherlands	**12,893**	**14,405**	**14,110**	**15,914**	**14,914**	**-**
Achmea Australia	44	45	27	27	-	-
Eureko Sigorta	581	552	528	530	-	-
Friends First	251	277	263	268	-	-
InterAmerican Greece	1,124	1,132	1,134	1,156	-	-
Union	518	513	494	494	-	-
Subtotal for international subsidiaries	**2,519**	**2,519**	**2,446**	**2,475**	**3,510**	**-**
Total	**15,412**	**16,924**	**16,556**	**18,389**	**18,424**	**-**

Since 2014, reports for third-party companies and international subsidiaries also include headcount information. The FTEs have been recalculated to 38 hours. In the above FTE numbers, rounding differences are possible.

HEADCOUNT BY AGE CATEGORY AS AT 31 DECEMBER

	2015		2014		2013	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
15-19	1	2	3	5	0	0
20-24	57	177	93	270	32	52
25-29	542	751	590	893	406	520
30-34	941	1.187	1,078	1,330	798	966
35-39	1.204	1.321	1,286	1,443	1,140	1,229
40-44	1.482	1.481	1,637	1,693	1,445	1,526
45-49	1.560	1.462	1,643	1,472	1,395	1,207
50-54	1.252	995	1,279	1,073	1,156	867
55-59	1.006	638	1,089	660	974	584
60-64	505	318	482	341	401	262
65-69	17	16	19	9	10	2
70-75	3	0	1	0	1	0



The table below does not include staff at our international subsidiaries.

TURNOVER BY AGE CATEGORY, AS AT 31 DECEMBER

	2015		2014		2013	
	NEW HIRES	EXITS	NEW HIRES	EXITS	NEW HIRES	EXITS
15-19	4	7	19	5	0	0
20-24	167	179	324	104	44	4
25-29	403	360	481	231	193	77
30-34	243	346	243	223	127	120
35-39	158	306	126	235	79	123
40-44	131	392	133	308	79	185
45-49	81	325	90	250	70	154
50-54	61	290	58	201	25	137
55-59	34	239	21	165	14	136
60-64	6	214	3	149	3	133
65-69	1	43	0	20	1	33
70-75	0	1	0	0	0	0

1 2 3 4 5 6 7

The information contained on the following pages does not include employees employed by third-party companies and international subsidiaries.

Sickness absence rate

DIVERSITY

We believe that greater diversity results in higher-quality, better-performing employees. Part of this commitment is the Life Stage Diversity Policy, which is based on identifying, acknowledging and developing the individual talents of all employees. This policy includes a self-evident respect for individual culture, religion, stage of life, background and sexual orientation. To Achmea, diversity is a quality of strategic importance. We are aware that teams in which a variety of groups are represented are better able to respond flexibly to changes in the working environment. The greater the diversity involved in decision-making, the better the decision-making and the more it is in keeping with society. Different internal networks are part of the diverse culture: Dna (Achmea Diversity Network), Young Achmea (for Achmea employees aged 35 and younger) and HoLA! (the platform for lesbian, gay, bisexual and transgender individuals [LGBT people]). Achmea signed the Declaration of Amsterdam, an initiative designed to bring about real improvements for LGBT people in the workplace. Further information about the declaration is available at www.workplacepride.org.

Achmea has signed the ‘Talent to the Top’ charter and devotes explicit attention to gender diversity in its Management Development policy. Gender diversity at the executive level is growing steadily. In 2015, the Executive Board increased the target for the next four years to a minimum of 30% gender diversity for all target populations. Achmea deliberately strives to achieve gender diversity in its teams and takes measures to promote diversity in the recruitment, selection and appointment of key positions. There is a focus on personal development and career opportunities for women, and on combining work with other duties, including child-rearing.

Achmea shifted this focus in 2015 to what we refer to as “multicultural professionalism”. Management, employees and professionals have attended courses that raise awareness at the company of the necessity of cultural diversity.

Achmea makes additional work experience positions available for disadvantaged job seekers every year. The programme provides a springboard for these workers, preparing them for meaningful careers either at Achmea or elsewhere. In light of the Dutch Participation Act, we are in the process of normalising the presence of employees with disabilities across the company. In fact, it is our objective to hire applicants who fall into this category directly for regular positions. We feel it is not the employee’s disability that matters, but rather the talent they bring to the table.

Male/female ratio at our Dutch offices as at 31 December (in %)

Male / Female

	2015		2014		2013	
	Male	Female	Male	Female	Male	Female
Supervisory Board	50%	50%	63%	37%	67%	33%
Executive Board	83%	17%	100%	0%	100%	0%
Directors	80%	20%	82%	22%	80%	20%
Senior Management	75%	25%	78%	23%	78%	22%
Collective Labour Agreement Management	73%	27%	76%	26%	74%	26%
Collective Labour Agreement Employees	48%	52%	48%	52%	48%	52%

** This is the status as at 31 December 2015 based on eight Supervisory Board members. There was a vacant position as of 31 December.*

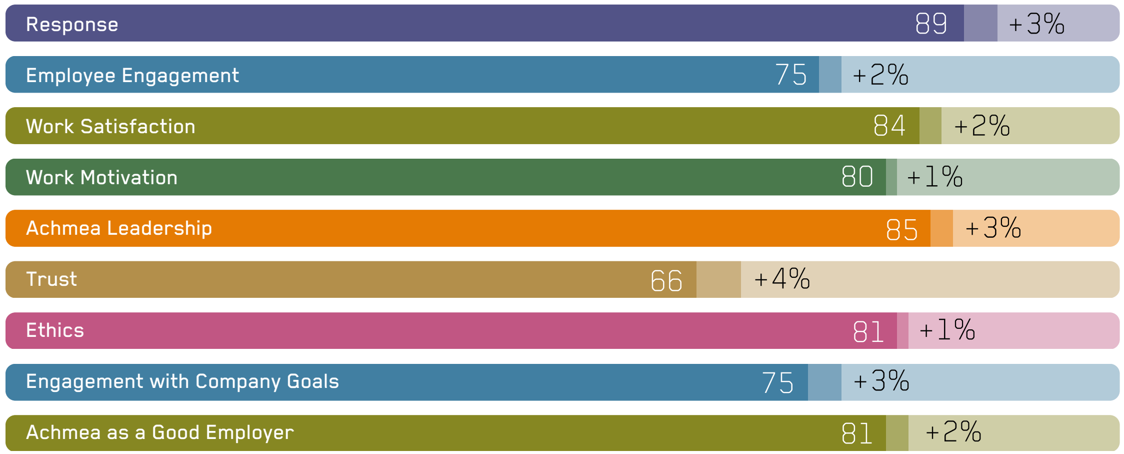
INAPPROPRIATE CONDUCT

The company employs at least two confidential counsellors – one male and one female – at each key location. These internal confidential counsellors support employees who wish to take action under the individual Right-of-Complaint and Inappropriate Conduct policies. In some cases, the company may also involve an external confidential counsellor. Achmea does not tolerate discrimination, aggression, intimidation and non-compliance with terms and conditions of employment and employee schemes. The internal confidential counsellors handled a total of ten cases in 2015, involving a total of ten employees. None of these cases concerned inappropriate conduct; all cases related to the individual right of complaint. Two complaints were found to be inadmissible, while three others were subsequently withdrawn. The remaining five complaints were all handled by the company.

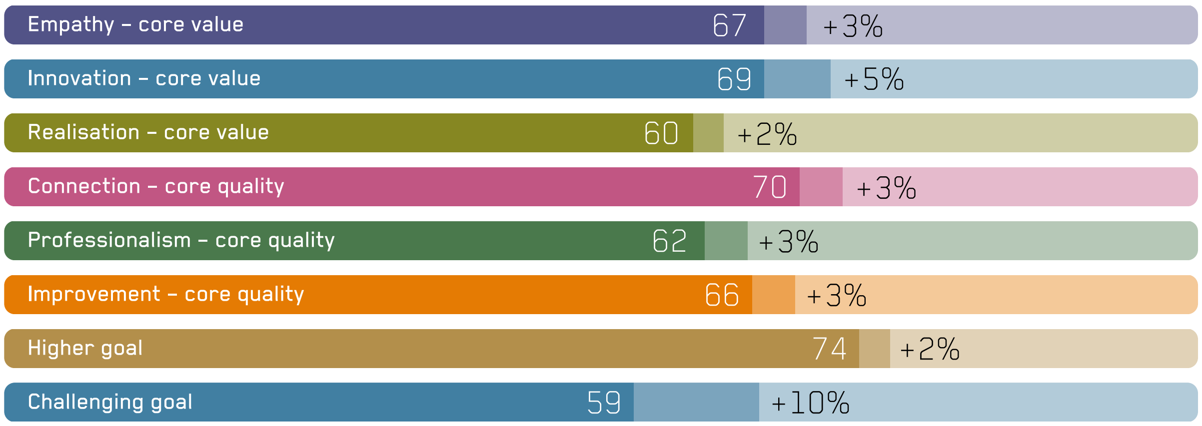
CONSULTATION WITH PARTICIPATION BODIES AND TRADE UNIONS

Achmea's participation bodies held various consultative meetings with the directors in 2015. The Central Works Council and trade unions regularly liaised on a formal and informal basis and exchanged information, while the trade unions also consulted with the management bodies on a regular basis. In addition, weekly informal meetings were held between the Executive Committee of the Central Works Council, the Chair of the Board of Directors and the HR Director. The Central Works Council handled a total of 34 requests for advice and ten requests for consent in 2015.

FOCUS ON SCORES EMPLOYEE ENGAGEMENT SURVEY 2015 RELATIVE TO 2014



IDENTITY SECTION OF EMPLOYEE ENGAGEMENT SURVEY (IN % AND THE DIFFERENCE RELATIVE TO 2014*)



Tailor employee benefits package to employees' needs and requirements

NUMBER OF EMPLOYEES WHO HAD ELECTED TO INCREASE OR REDUCE THEIR WORKING HOURS AS AT 31 DECEMBER

	2015	2014	2013
4 more hours	1,407	1,431	1,520
3 more hours	34	43	55
2 more hours	1,252	1,489	1,677
1 more hour	66	91	86
Standard weekly working hours	9,493	10,230	10,753
1 hour less	126	118	118
2 hours less	631	712	710
3 hours less	7	5	9
4 hours less	50	52	45

NUMBER OF EMPLOYEES WHO OPTED FOR MORE OR FEWER LEAVE HOURS ON 31 DECEMBER

	2015	2014	2013
Over 40 hours more	0	0	0
31-40 hours more	1,058	1,134	1,155
21-30 hours more	488	502	497
11-20 hours more	170	180	232
1-10 hours more	61	71	64
Standard: 11% of the average working hours	10,857	11,776	12,447
1-10 hours less	4	8	7
11-20 hours less	23	30	29
21-30 hours less	35	34	46
31-40 hours less	370	436	496
More than 40 hours less	0	0	0

SUSTAINABLE BUSINESS OPERATIONS

Achmea's operations have been carbon neutral since 2011, when it reduced its net carbon footprint (not including third-party companies) to zero. The company has purchased VCS-certified credits to offset its 2015 emissions from the Sarigüzel Hydroelectric Power Plant in Turkey. We offset our mobility and leaked cooling fluids, as well as our paper consumption and waste.

We retroactively reduced our carbon footprint this year with more mobility data and by outsourcing our server functionality. We have also begun retroactively reporting more carefully on our business mileage. Achmea aims to make the carbon footprint more representative for the company in the coming years by initially including the (largest) third-party companies and, in the long term, possibly its foreign subsidiaries as well.

Carbon emissions in the Netherlands (in kilotons)

	2011	2012	2013	2014	2015
Scope 1					
Natural gas	12.5	10.7	6.9	4.0	4.2
Cooling agents (in CO_{2eq})	0.7	0.7	1.0	1.4	0.3
Car fuels – lease	19.6	18.7	16.2	15.6	12.1
Scope 2					
Electricity	0.8	0.7	1.5	1.3	0.0
Flights	0.9	1.0	1.0	1.0	1.0
Car fuels – business mileage	3.6	3.7	3.2	3.3	2.9
Public transport – business mileage	0.0	0,0	0.0	0.0	0.0
Scope 3					
Paper	2.1	2.1	2.1	1.8	1.7
Waste	2.3	1.6	1.5	1.6	0.9
Car fuels - home-work commute	19.7	16.8	17.6	18.1	18.5
Public transport - home-work commute	2.8	2.2	2.1	2.1	1.8
Outsourced servers	4.1	4.9	4.3	3.5	2.5
Total gross	69.1	63.1	57.4	53.7	45.9
Emissions already offset	21.1	22.4	20.2	16.9	14.6
Total net	48.0	40.6	37.2	36.9	31.2

Relative gross carbon emissions in the Netherlands (excluding third-party companies) in 2015 amounted to approximately 3.8 tonnes per FTE (versus 4.1 in 2014). For the majority of conversion factors, the website www.CO2emissiefactoren.nl is used to measure our carbon footprint. This partnership uses the Greenhouse Gas (GHG) Protocol and other resources. For paper, we use the Environmental Barometer of Stichting Stimular; for plane travel our travel agent uses the CHG protocol, and our waste processor uses the conversion factors developed by research and consultancy company CE Delft. Commuting is estimated by multiplying the distance between the registered place of residence and the place of work and the number of registered travel days. An adjustment is made for holidays and sick leave, but it is still possible that there is more commuting reported than is actually being driven.

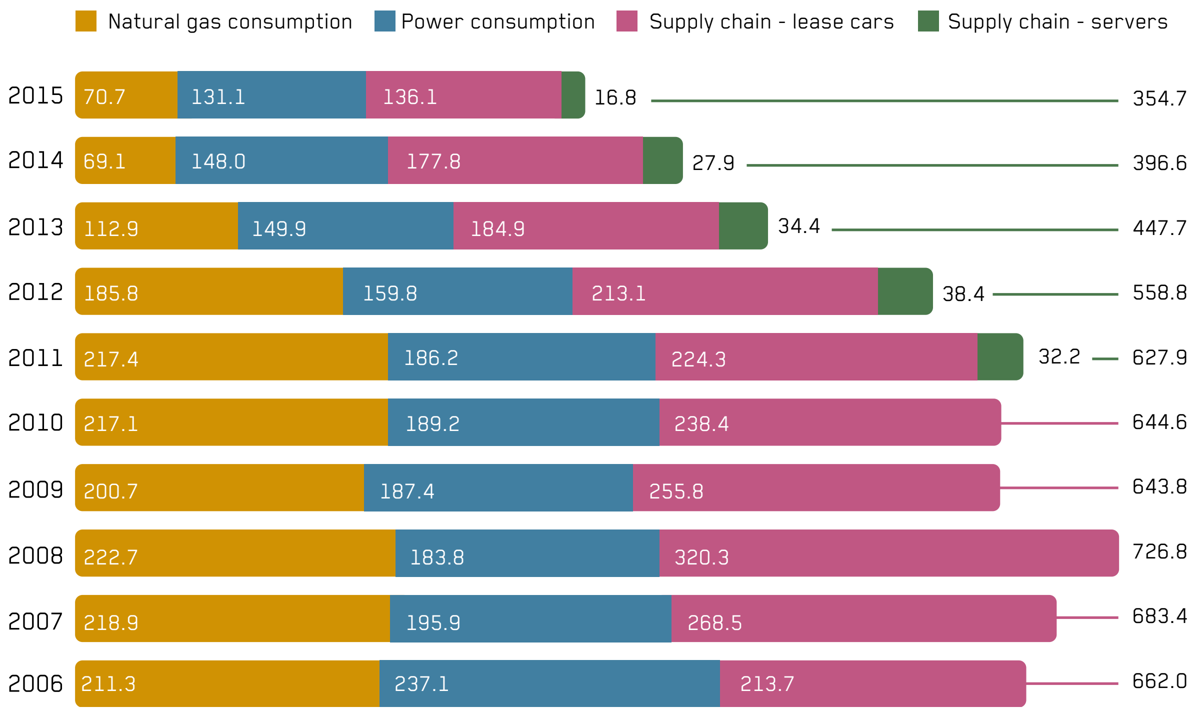
Energy conservation

Achmea is aiming to reduce its energy consumption by an average of 2% each year over the period from 2005-2020: by a total of 20% overall through more efficient energy consumption in its buildings and by 10% in the supply chain. In making these efforts, Achmea complies with the obligations under the Dutch long-term agreement on energy efficiency, which runs from 2005 to 2020. However, Achmea is using 2006 as the base year on account of the merger with Interpolis in late 2005.

In the period 2006-2015, average energy consumption decreased by approximately 3.8% on an annual basis.

We retroactively reduced our energy consumption in the supply chain this year by outsourcing our server functionality. Achmea aims to make its carbon footprint more representative for Achmea in the coming years by initially including the (largest) third-party companies and, in the long term, possibly a number of foreign subsidiaries.

Energy consumption in the Netherlands (in gigajoules x 1,000)



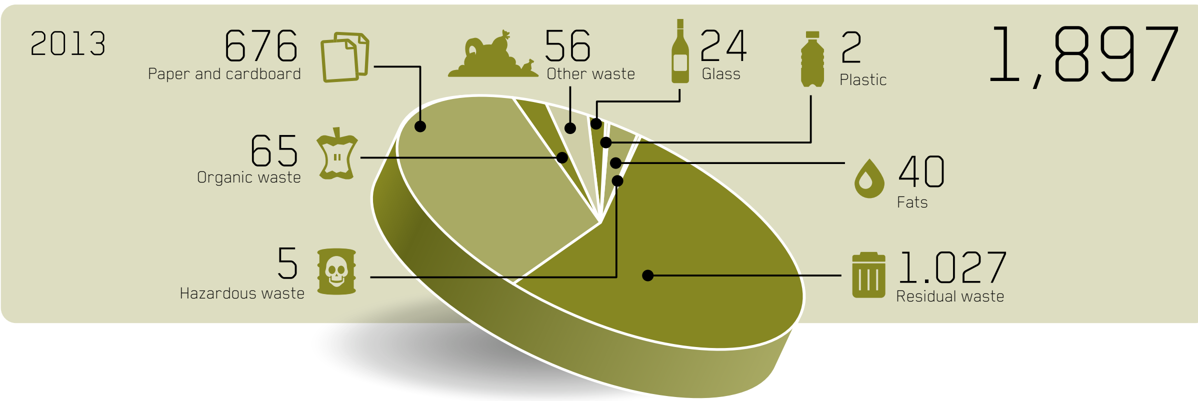
Relative energy consumption in the Netherlands (excluding 'third-party' companies) in 2015 was approximately 29.1 megajoules per FTE (versus 34.7 in 2014). Agis has been included in this calculation since 2011

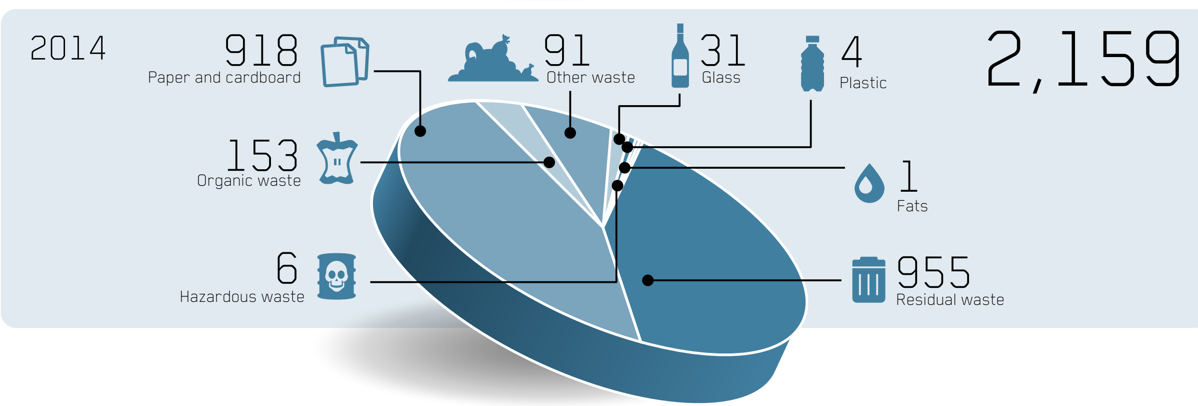
ACHMEA IS MAKING MOBILITY MORE SUSTAINABLE

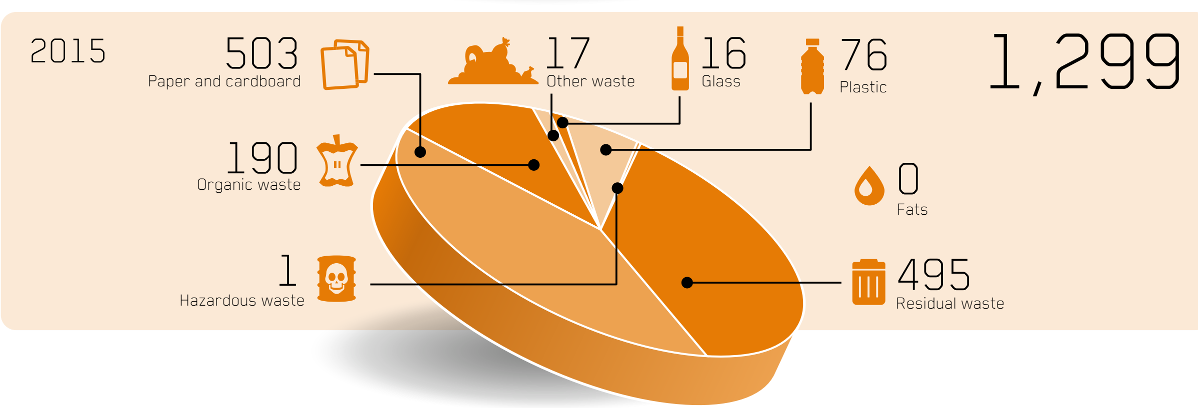
On the eve of the UN Climate Summit in Paris in December 2015, a group of leading Dutch companies, including Achmea, signed a letter of intent to make their commuting and business mileage more environmentally friendly: the 'Dutch Business Sustainable Mobility Pledge'. The main idea is that all companies participating now or in the future will travel more sustainably in approximately 7.5% of their business mileage and commuting. Achmea will be promoting fully electronic driving and cycling in order to facilitate this. Teleworking and teleconferencing are two other options that are becoming increasingly popular among employees. Winning the Low Car Diet 2015 is a good incentive to continue this initiative.

We support our customers in adopting 'green' driving practices through initiatives such as e-Driver and autodelen (car sharing). In addition, we motivate and support customers of the climate-neutral WagenPlan with solutions and services for sustainable mobility, the purchase of an energy-efficient and clean fleet, and in driving as energy-efficiently as possible. WagenPlan has signed the Cleaner Car Contract of the environmental organisation Stichting Natuur en Milieu.

Collected waste (in 1,000 kg)







Relative paper waste in the Netherlands in 2015 was approximately 99 kilograms per FTE (versus 165 in 2014).

From Waste to Raw Material

We produce nearly two million kilos of waste at Achmea each year, half of which is incinerated as residual waste. Many valuable raw materials are lost during waste incineration, and this is resulting in a global shortage. Achmea implemented a series of measures in early 2014 to facilitate the transition from waste management to raw materials management. By the end of 2016, a minimum of 80% of the total waste produced by Achmea can be reused as raw materials: this is both good for the environment and enables Achmea to achieve long-term cost savings.

Achmea's manufacturers, suppliers, purchasers and employees are all links in the supply chain, and our caterers, cleaning companies and raw materials processing partners work together in order to carefully segregate all waste products, dispose of them separately and convert them into green energy and new products. This is how all these links in the chain contribute to the transition to a circular economy.

Responsible procurement

Achmea is a large organisation that spends approximately €1 billion on procurement to support its business operations. Price, quality and functionality are important criteria in this regard, and sustainability is increasingly becoming a part of this as well. The policy is twofold. First, we work with suppliers that endorse Achmea's sustainability goals and, second, we purchase products that meet additional sustainability criteria (see box). As a major organisation, Achmea is in a position to purchase at highly competitive prices and can work with its suppliers to find new purchasing concepts.

Syntrus Achmea is the largest real estate investor in the Netherlands. For day to day property management a chain of maintenance and cleaning companies is contracted. A group established by IVBN (Association of Institutional Property Investors in the Netherlands), including Syntrus Achmea, has developed a tool which monitors the sustainability policies of supply chain partners. These partners will be asked in 2016 to sign a statement on sustainability, after which they will receive an annual survey containing questions about their sustainability policy. The objective of this exercise is to learn more about this policy and to make supply chain partners aware of the importance of sustainability. Initially, Achmea will not set any requirements for the supply chain partners.

To read more about the healthcare services and damage repair services procured by Achmea, see www.zilverenkruis.nl. The parties engaged by Achmea to carry out repairs are selected and monitored based on the quality of the repair work and customer-focused business operations.

TWOFOLD POLICY FOR SUSTAINABLE PROCUREMENT

Sustainability Statement for suppliers

Achmea's General Purchase Conditions were amended in early 2015. The company and its suppliers have agreed to a clearer set of rules regarding packaging materials, and the system for segregating raw materials on the receipt of goods has been improved. As an additional measure, the Sustainability Statement was added as an appendix to the General Purchase Conditions. The Sustainability Statement for preferred suppliers and the General Purchase Conditions are available at www.achmea.nl.

Sustainability criteria for products

Criteria that apply to each product group impose additional requirements regarding sustainability and quality. Achmea formulated additional criteria for coffee, multifunction printers and electricity, for example. In addition, cleaning services are procured in accordance with the Code of Responsible Market Conduct (Code Verantwoordelijk Marktgedrag) signed by Achmea.

SUSTAINABLE INVESTMENTS AS AT 31 DECEMBER (x €1 MILLION)

	TOTAL INVESTMENTS			INVESTMENTS ASSESSED FOR SUSTAINABLE INVESTED*			INVESTMENTS SUITABLE FOR SUSTAINABLE INVESTING			INVESTMENTS THAT ARE SUSTAINABLE INVESTED			% OF SUITABLE INVESTMENTS THAT ARE INDEED RESPONSIBLE INVESTED		
	2015	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
Investments for risk and expense of Achmea															
Shares	2,939	3,102	2,759	2,505	2,608	2,554	2,257	2,554	2,087	996	2,554	1,399	44	100	67
Bonds	29,423	33,139	33,337	28,026	27,387	30,598	24,720	27,387	27,531	24,548	27,387	27,531	99	100	100
Real estate	1,114	1,125	1,200	1,093	1,015	1,092	787	670	1,092	566	670	721	72	100	66
Loans	4,847	2,207	3,084	4,537	434	1,249	397	434	-	250	434	-	63	100	-
Deposits / derivatives	5,070	5,661	4,267	2,986	53	2,724	-	53	-	-	53	-	-	100	-
Other Financial investments	2,595	3,029	118	2,472	2,614	71	-	-	-	-	-	-	-	-	-
Total	**45,990**	**48,262**	**44,765**	**41,618**	**34,111**	**38,288**	**28,161**	**31,098**	**30,710**	**26,360**	**31,098**	**29,651**	**94**	**100**	**97**
Fiduciary investments of Syntrus Achmea**															
Shares	20,461	17,224	14,476	20,461	17,224	14,476	20,461	17,224	7,333	13,728	6,418	5,453	67	37	74
Bonds	30,226	25,296	21,735	30,226	25,296	21,735	30,226	25,296	14,377	17,533	14,594	13,132	58	58	91
Indirect real estate	838	740	594	838	740	594	838	740	187	-	-	-	-	-	-
Alternatives	6,267	4,990	3,808	6,267	4,990	3,808	6,051	4,719	2,116	2,534	1,791	664	42	38	31
Liquidities	296	199	242	296	199	242	296	199	214	296	110	214	100	55	100
Subtotal	58,087	48,448	40,855	58,087	48,448	40,855	57,872	48,178	24,227	34,091	22,912	19,463	59	48	80
Real estate (direct)	5,208	4,916	7,810	5,208	4,916	7,810	4,736	4,469	6,546	3,874	3,615	5,566	82	81	85
Total	**63,295**	**53,364**	**48,665**	**63,295**	**53,364**	**48,665**	**62,608**	**52,648**	**30,773**	**37,964**	**26,527**	**25,029**	**61**	**50**	**81**
Investments for risk and expense of policy holders															
Shares	6,026	6,446	9,529	2,716	3,724	7,693	2,612	1,540	5,813	2,611	1,540	3,677	100	100	63
Bonds	3,603	3,798	5,054	2,523	1,720	4,153	2,439	1,720	4,016	2,439	1,720	3,979	100	100	99
Real estate	281	254	324	222	-	5	222	-	50	-	-	33	-	-	66
Liquidities	8,210	7,512	6,983	7,378	7,415	433	-	138	332	-	138	332	-	100	100
Derivatives	389	348	271	-	71	36	-	71	-	-	71	-	-	100	-
Other financial investments	221	323	370	-	-	-	-	-	-	-	-	-	-	-	-
Total	**18,731**	**18,680**	**22,531**	**12,840**	**12,930**	**12,365**	**5,274**	**3,469**	**10,211**	**5,050**	**3,469**	**8,021**	**96**	**100**	**79**

** For the investments for risk and expense of Achmea and the fiduciary investments of Syntrus Achmea, we chose to assess that part that is invested by two, for Achmea most important, asset managers. Investments are accounted for as responsible investments if at least one investment vehicle is used. These instruments are: country exclusions (bonds), company exclusions, (enhanced) engagement (shares, debt securities), applying ESG integration in the primary investment process (shares, debt securities), impact investments, voting at shareholder meetings (shares). Direct real estate investments (Dutch real estate) are recognized as responsible if the invested object has energy label A, B or C. Indirect real estate investments (international real estate) are recognized as responsible if at least engagement with the fund managers is conducted.*

*** Because in this overview the investments that Syntrus Achmea executes for Achmea (included in "investments for risk and expense of Achmea" and "investments for risk and expense of policy holders") and the mortgage portfolio is not included in this overview, the total amount that Syntrus Achmea invests is different than the reported amounts in the annual report and the financial statements of Achmea.*

In 2012, Achmea signed the Principles for Sustainable Insurance (PSI). We would like to provide justification regarding the implementation of these principles in a transparent manner via the reference tables below. More information about the PSI can be found at: www.unepfi.org/psi.

PRINCIPLE 1 - WE WILL EMBED IN OUR DECISION-MAKING ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES RELEVANT TO OUR INSURANCE BUSINESS.

Possible actions: Company strategy	**Details/reference**
Establish a company strategy at the Board and executive management levels to identify, assess, manage and monitor ESG issues in business operations	Achmea Annual Report 2015 - Strategy
Dialogue with company owners on the relevance of ESG issues to company strategy	www.verenigingachmea.nl
Integrate ESG issues into recruitment, training and employee engagement programmes	Achmea Annual Report 2015 - Corporate governance. Next to that, especially candidates for management development can work on micro insurance projects as part of their development process.
Possible actions: Risk management and underwriting	**Details/reference**
Establish processes to identify and assess ESG issues inherent in the portfolio and be aware of potential ESG-related consequences of the company's transactions	Achmea Annual Report 2015 - Societal results and Financial results
Integrate ESG issues into risk management, underwriting and capital adequacy decision making processes, including research, models, analytics, tools and metrics	Achmea Annual Report 2015 - Financial results
Possible actions: Product and service development	**Details/reference**
Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management	Achmea Annual Report 2015 - Societal results
Develop or support literacy programmes on risk, insurance and ESG issues	Achmea Annual Report 2015 - Societal results
Possible actions: Claims management	**Details/reference**
Respond to clients quickly, fairly, sensitively and transparently at all times and make sure claims processes are clearly explained and understood	Achmea Annual Report 2015 - Our customers
Integrate ESG issues into repairs, replacements and other claims services	Achmea Annual Report 2015 - Our processes
Possible actions: Sales and marketing	**Details/reference**
Educate sales and marketing staff on ESG issues relevant to products and services and integrate key messages responsibly into strategies and campaigns	Achmea Annual Report 2015 - Our employees
Make sure product and service coverage, benefits and costs are relevant and clearly explained and understood	Achmea Annual Report 2015 - Our customers
Possible actions: Investment management	**Details/reference**
Integrate ESG issues into investment decision-making and ownership practices (e.g. by implementing the Principles for Responsible Investment)	Achmea Annual Report 2015 - Financial results

PRINCIPLE 2 - WE WILL WORK TOGETHER WITH OUR CLIENTS AND BUSINESS PARTNERS TO RAISE AWARENESS OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES, MANAGE RISK AND DEVELOP SOLUTIONS.

Possible actions: Clients and suppliers	**Details/reference**
Dialogue with clients and suppliers on the benefits of managing ESG issues and the company's expectations and requirements on ESG issues	Achmea Annual Report 2015 - Societal results and Our processes
Provide clients and suppliers with information and tools that may help them manage ESG issues	Achmea Annual Report 2015 - Societal results and Our processes
Integrate ESG issues into tender and selection processes for suppliers	Achmea Annual Report 2015 - Our processes
Encourage clients and suppliers to disclose ESG issues and to use relevant disclosure or reporting framework	Achmea Annual Report 2015 - Our processes
Possible actions: Insurers, reinsurers and intermediaries	**Details/reference**
Promote the adoption of the Principles	Achmea Annual Report 2015- Societal results
Support the inclusion of ESG issues in professional education and ethical standards in the insurance industry	Achmea Annual Report 2015 - Societal results

PRINCIPLE 3 - WE WILL WORK TOGETHER WITH GOVERNMENTS, REGULATORS AND OTHER KEY STAKEHOLDERS TO PROMOTE WIDESPREAD ACTION ACROSS SOCIETY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES.

Possible actions: Governments, regulators and other policymakers	**Details/reference**
Support prudential policy, regulatory and legal frameworks that enable risk reduction, innovation and better management of ESG issues	Achmea Annual Report 2015 - Societal results and Financial results
Dialogue with governments and regulators to develop integrated risk management approaches and risk transfer solutions	Achmea Annual Report 2015 - Strategy
Possible actions: Other key stakeholders	**Details/reference**
Dialogue with intergovernmental and non-governmental organisations to support sustainable development by providing risk management and risk transfer expertise	Achmea Annual Report 2015 - Strategy
Dialogue with business and industry associations to better understand and manage ESG issues across industries and geographies	Achmea Annual Report 2015 - Strategy
Dialogue with academia and the scientific community to foster research and educational programmes on ESG issues in the context of the insurance business	Achmea Annual Report 2015 - Strategy
Dialogue with media to promote public awareness of ESG issues and good risk management	Achmea Annual Report 2015 - Strategy

PRINCIPLE 4 - WE WILL DEMONSTRATE ACCOUNTABILITY AND TRANSPARENCY IN REGULARLY DISCLOSING PUBLICLY OUR PROGRESS IN IMPLEMENTING THE PRINCIPLES.

Possible actions	**Details/reference**
Assess, measure and monitor the company's progress in managing ESG issues and proactively and regularly disclose this information publicly	With annual reporting
Participate in relevant disclosure or reporting frameworks	Achmea Annual Report 2015 – About this report
Dialogue with clients, regulators, rating agencies and other stakeholders to gain mutual understanding on the value of disclosure through the Principles	Achmea Annual Report 2015 - Strategy

INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
Strategy and Analysis				
G4-1	Statement from the most senior decision-maker about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	pp. 12-14		Yes
G4-2	Provide a description of key impacts, risks and opportunities.	pp. 19-23		Yes
Organisation profile				
G4-3	Report the name of the organization.	Achmea B.V.		Yes
G4-4	Report the primary brands, products, and services.	p. 5 and p. 16		Yes
G4-5	Report the location of the organization's headquarters.	Zeist, the Netherlands		Yes
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	pp. 10-11 and p. 16		Yes
G4-7	Report the nature of ownership and legal form.	pp. 10-11 and p. 255		Yes
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	pp. 3-5 and p. 16		Yes
G4-9	Report the scale of the organization.	pp. 3-5 and p. 16		Yes
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	pp. 3-5, pp. 37-40 and pp. 280-284	We do not report on self-employed workers and we do not report all indicators per gender as we consider this not applicable to Achmea. Our stakeholders do not request us to report on such information.	Yes
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	12,710 employees are covered by the collective bargaining agreement of Achmea Interne Diensten N.V. A total of 16,924 employees are employed at Achmea		Yes

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INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
G4-12	a. Describe the organization's supply chain.	p. 10, pp. 63-64 and pp. 288-289		Yes
G4-13	a. Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	p. 142		Yes
G4-14	a. Report whether and how the precautionary approach or principle is addressed by the organization.	pp. 72-74		Yes
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	p. 10, p. 64, pp. 85-86, p. 282 and pp. 285-288		Yes
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations.	Among others Verbond van Verzekeraars, Zorgverzekeraars Nederland, Nederlandse Vereniging van Banken, Vereniging van Bedrijfstakpensioenfondsen, Stichting Ondernemingspensioenfonds and Unie van Beroepspensioenfondsen		Yes
Identified Material Aspects and Boundaries				
G4-17	a. List all entities included in the organization’s consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization’s consolidated financial statements or equivalent documents is not covered by the report.	p. 10 and p. 130. See overview below this GRI index		Yes
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	p. 10 and pp. 19-21		Yes
G4-19	List all the material Aspects identified in the process for defining report content.	p. 20		Yes
G4-20	For each material Aspect, report the Aspect Boundary within the organization	See overview below this GRI index where we consider the information with relevance to our stakeholders, whereby employees and shareholders are considered as within the organization.		Yes
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	See overview below this GRI index where we consider the information with relevance to our stakeholders, whereby customers and partners are considered outside the organization.		Yes

INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	We have begun retro-actively reporting more carefully on our business mileage as part of our CO_2 footprint.		Yes
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	We retroactively reported our carbon footprint this year with more mobility data and by outsourcing our server functionality.		Yes
Stakeholder Engagement				
G4-24	Provide a list of stakeholder groups engaged by the organization.	p. 10 and p. 277		Yes
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	p. 10 and p. 277		Yes
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	p. 10 and p. 277		Yes
G4-27	Report key topics and concerns that have been raised through stakeholder engage-ment, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	p. 10, p.20 and overview below this GRI index		Yes
Report Profile				
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	2015		Yes
G4-29	Date of most recent previous report (if any).	5 March 2015		Yes
G4-30	Reporting cycle (such as annual, biennial).	Annually		Yes
G4-31	Provide the contact point for questions regarding the report or its contents.	p. 305		Yes

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INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below).	The annual report is in accordance with the core option. The core option requires to report on at least one Indicator related to each identified material Aspect. For several aspects we voluntarily report additional indicators for the aspect. For the additional indicators we have included information on whether omissions apply, but we have not included the reason for omission as these indicators are not required due to the core option.		Yes
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	pp. 10-11		Yes
Governance				
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	pp. 87-92 Our organizational chart can be found on www.achmea.nl		Yes No
G4-38	Report the composition of the highest governance body and its committees.	pp. 87-92		Yes
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	p. 83 and pp. 87-92		Yes
G4-41	a. Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. b. Report whether conflicts of interest are disclosed to stakeholders.	pp. 87-92	Omissions apply. Refer to G4-32.	Yes

INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
G4-51	a. Report the remuneration policies for the highest governance body and senior executives. b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	p. 78 Our remuneration report can be found on www.achmea.nl		Yes No
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	p. 78 Our remuneration report can be found on www.achmea.nl		Yes No
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	p. 78 Our remuneration report can be found on www.achmea.nl		Yes No
Ethics and Integrity				
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	pp. 85-86		Yes
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	pp. 85-86		Yes
MATERIAL ASPECTS				
Management approach and indicators				
ECONOMIC PERFORMANCE				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 20 and p. 49. See overview below this GRI index		Yes
G4-EC1	Direct economic value generated and distributed	pp. 50-52	Omissions apply. Refer to G4-32.	Yes
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	p. 73		Yes

INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
G4-EC3	Coverage of the organization's defined benefit plan obligations	Annual report Stichting Pensioenfonds Achmea on www.pensioenfondsachmea.nl		No
G4-EC4	Financial assistance received from government	Achmea has never received money directly from the government. However, in 2009 Achmea called on the government to borrow money with state guarantee on the capital market. For this, Achmea has paid a fee to the government. In 2014, the guarantee by the government is closed unused.		Yes
MATERIALS				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 20 and pp. 285- 288. See overview below this GRI index		Yes
G4-EN1	Materials used by weight or volume	p. 46 and pp. 285- 288		Yes
G4-EN2	Percentage of materials used that are recycled input materials	p. 46 and pp. 285- 288	Omissions apply. Refer to G4-32.	Yes
ENERGY				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 20 and pp. 285- 288. See overview below this GRI index		Yes

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INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
G4-EN3	Energy consumption within the organization	pp. 285- 288		Yes
G4-EN5	Energy intensity	pp. 285- 288		Yes
G4-EN6	Reduction of energy consumption	pp. 285- 288		Yes
EMISSIONS				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 20 and pp. 285- 288. See overview below this GRI index		Yes
G4-EN15	Direct greenhouse gas (ghg) emissions (scope 1)	pp. 285- 288		Yes
G4-EN16	Energy indirect greenhouse gas (ghg) emissions (scope 2)	pp. 285- 288		Yes
G4-EN17	Other indirect greenhouse gas (ghg) emissions (scope 3)	pp. 285- 288		Yes
G4-EN18	Greenhouse gas (ghg) emissions intensity	pp. 285- 288		Yes
G4-EN19	Reduction of greenhouse gas (ghg) emissions	pp. 285- 288	Omissions apply. Refer to G4-32.	Yes
EFFLUENTS AND WASTE				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 20 and pp. 285- 288. See overview below this GRI index		Yes
G4-EN23	Total weight of waste by type and disposal method	pp. 285- 288		Yes
EMPLOYMENT				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 20 and p. 37. See overview below this GRI index		Yes
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	pp. 280-284		Yes
TRAINING AND EDUCATION				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 20 and p. 37. See overview below this GRI index		Yes

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INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	pp. 38-40		Yes
DIVERSITY AND EQUAL OPPORTUNITY				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 20 and p. 37. See overview below this GRI index		Yes
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	p. 282	We do not report all proposed indicators of diversity as we consider this not applicable to Achmea. Our stakeholders do not request us to report on such information.	Yes
ANTI-CORRUPTION				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 20 and p. 86. See overview below this GRI index		Yes
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Achmea performs an integrity due diligence for large contracts or if Achmea participates in the share capital of a trading partner. To evaluate potential partners for cooperation, 1 Integrity Due Diligence study was executed.	Omissions apply. Refer to G4-32.	Yes
G4-SO4	Communication and training on anti-corruption policies and procedures	The General Code of Conduct Achmea applies to every employee (internal and external) of the Dutch entities of Achmea. The Sustainability Statement applies to all suppliers of Achmea in the Netherlands.		Yes

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INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
G4-SO5	Confirmed incidents of corruption and actions taken	At Team Integrity, 14 possible incidents involving suspected internal fraud or integrity breaches were reported and evaluated (25 in 2014).	Omissions apply. Refer to G4-32	Yes
COMPLIANCE				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 20 and p. 74. See overview below this GRI index		Yes
G4-SO8	a. Report significant fines and non-monetary sanctions in terms of: Total monetary value of significant fines Total number of non-monetary sanctions Cases brought through dispute resolution mechanisms b. If the organization has not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient. c. Report the context against which significant fines and non-monetary sanctions were incurred.	With a settlement of €50,000. - Achmea closed the case of the Achmea Health Centers in 2015. It concerns a tax issue from 2007.		Yes
PRODUCT AND SERVICE LABELLING				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 20 and p. 28. See overview below this GRI index		Yes
G4-PR8	Results of surveys measuring customer satisfaction	p. 32 and p. 279		Yes
CUSTOMER PRIVACY				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect \ material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 20 and p. 28. See overview below this GRI index		Yes
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	There are 13 (21 in 2014) known substantiated complaints regarding breaches of customer privacy. No customer data was lost.		Yes

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INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
Sector disclosures				
PRODUCT PORTFOLIO				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 20 and p. 28. See overview below this GRI index		Yes
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/ large) and by sector.	p. 5 and p. 129		Yes
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	pp. 34-35, not expressed in monetary value	Omissions apply. Refer to G4-32	Yes
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	pp. 34-35, not expressed in monetary value	Omissions apply. Refer to G4-32	Yes
ACTIVE OWNERSHIP				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 20 and pp. 63-64. See overview below this GRI index		Yes
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	pp. 63-64 and pp. 289-290		Yes
FS11	Percentage of assets subject to positive and negative environmental or social screening.	pp. 63-64 and pp. 289-290		Yes
LOCAL COMMUNITIES				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 20 and p. 33. See overview below this GRI index		Yes
FS13	Access points in low-populated or economically disadvantaged areas by type.	p. 16 and p. 36		Yes
FS14	Initiatives to improve access to financial services for disadvantaged people.	p. 16 and p. 36		Yes

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SOCIETAL DEVELOPMENT	PRIMARY PARTY FROM FOUR STAKEHOLDER MODEL THAT RAISED THE SUBJECT	REFERENCE TO ANNUAL REPORT 2014	CORRESPONDING GRI G4 ASPECT	BOUNDARY OF INFORMATION IN ANNUAL REPORT 2014	RELATED ACHMEA KPI
Customer value	Customers	p. 28 and p. 279	Product and service labelling	Achmea in the Netherlands, excluding third companies	Customer satisfaction and maintaining Customer Oriented Insurance quality seals
Affordable and accessible healthcare	Customers and Shareholders	pp. 34-35 and pp. 55-56	Indirect economic impact, Procurement and Product portfolio	Achmea in the Netherlands	-
Sustainable and innovative solu-tions for living and healthcare	Shareholders	pp. 34-35 and pp. 53-56	Indirect economic impact and Product portfolio	Achmea in the Netherlands	-
Affordable and accessible retire-ment provisions	Customers and Shareholders	pp. 34-35 and pp. 57-58	Indirect economic impact, Procurement and Product portfolio	Achmea in the Netherlands	-
Responsible investing	Customers and Shareholders	pp. 63-64 and pp. 289-290	Active ownership, Product portfolio and Anti-corruption	Achmea Group	-
New forms of solidarity	Customers	p. 36	Indirect economic impact and Product portfolio	Achmea in the Netherlands, excluding third companies	-
Integrity	Customers and Employees	pp. 85-86	Anti-corruption and Compliance	Achmea in the Netherlands, excluding third companies	-
Circular economy	Customers, Partners and Shareholders	p. 287	Energy, Emissions and Materials	Achmea in the Netherlands, excluding third companies	-
Corporate citizenship	Customers and Employees	p. 36	Indirect economic impact and Local communities	Achmea in the Netherlands, excluding third companies	-
Financial self-reliance of cus-tomers	Customers	p. 31 and p. 36	Product and service labelling and Product portfolio	Achmea in the Netherlands, excluding third companies	-
Socially accepted return	Shareholders	pp. 55-56	Economic performance	Achmea Group	Cost reduction 2014-2016 and solvency ratio insurance activities (IGD)
Being a good employer	Employees	pp. 37-40	Employment, Training and education, Diversity and equal opportunity	Achmea in the Netherlands, excluding third companies	Employee Engagement
Economic performance	Shareholders	pp. 49-52	Economic performance	Achmea Group	Cost reduction 2014-2016 and solvency ratio insurance activities (IGD)
Climate-related products and services	Customers and Shareholders	pp. 53-54 and p. 73	Energy, Emissions and Materials	Achmea in the Netherlands, excluding third companies	-
Ethical treatment of big data	Customers and Partners	p. 35 and pp. 46-47	Customer privacy and Indirect economic impact	Achmea in the Netherlands, excluding third companies	Level of digitisation

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Personal data protection	Customers	p. 29 and p. 35	Customer privacy, Product and service labelling	Achmea Group	AFM customer centricity dashboard
Medical progress	Customers	p. 34	Product portfolio and Procurement	Achmea in the Netherlands	-
Financial services in developing countries	Employees and Partners	p. 36	Local communities	Achmea Group	-
Legislation and government policy	Shareholders	p. 74 and P. 78	Compliance	Achmea Group	AFM customer centricity dashboard
Balanced remuneration policy	Shareholders	pp. 78-79	Economic performance and Diversity and equal opportunity	Achmea Group	-

Colophon and contact information

Achmea would like to hear your comments on this Annual Report.
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